

## Hostile Takeovers Challenge Europeans

By Anne Swanson  
Washington Post Service

PARIS — Here in the Old World, the barriers have finally arrived at the gates. A wave of hostile takeover offers, virtually unknown in Europe until recently, swelled Tuesday night with the \$38-billion offer in France by Banque Nationale de Paris SA to swap shares for both the investment bank Paribas SA and the retail bank Societe Generale SA, which had been in the process of merging.

The offer stunned Europe's financial community. Although consolidation has been rapid in the continental financial industry, this foray was bigger — and more hostile — than anything yet seen. It follows other attacks, on Telecom Italia SpA by the much smaller Olivetti SpA and on Gecel Group NV by the luxury giant LVMH Moet Hennessy Louis Vuitton SA.

The change in corporate culture and behavior

### BNP, Olivetti and LVMH Follow American Trend

here in the past few years has been nothing short of radical. The government-odd climate in France, the cozy shareholder relationships in Germany, the secretive empires of Italy, are all giving way to American-style cowboy capitalism.

"There is a revolution going on here," said Andre Baladi of the International Corporate Governance Network. "There are no inhibitions any more. Everything is loose and the gates are open."

The government of France, which in the old days virtually ran the private sector in this country, was reduced to issuing a statement from the Finance Ministry expressing hope that all players would "be respectful of the good functioning of the marketplace, of industrial and social interests as well as the national interest."

The Banque Nationale de Paris bid, if it succeeds, would create by some estimates the world's largest commercial bank, with \$1 trillion in assets. It would combine two large retail banks in France with Paribas, the best-known investment firm.

"It would be a French champion of the European banking industry," Michel Peberan, the chairman of BNP, said Wednesday. "It is the operation the market has been waiting for."

The truth of that last statement cannot be known now; France's market regulator suspended trading in the shares of all three institutions for a day.

The management of Societe Generale and Paribas quickly rejected the proposal, which was first laid out to top executives at 8:30 P.M. Tuesday.

"At no time since Feb. 1, 1999 was the idea of a three-way merger discussed with BNP," said Andre Levy-Lang, chairman of Paribas, and Daniel Bouton, chairman of Societe Generale, in

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Michel Peberan, head of BNP, has a name for turnarounds. Page 13.

## Holbrooke Sees Milosevic as Serbian Forces Press Offensive

U.S. Is Said to Offer Belgrade Cuts in Economic Sanctions For Accord on Kosovo Plan

By Carlotta Gall  
New York Times Service

BELGRADE, Yugoslavia — Richard Holbrooke, the U.S. specialist in dealing with crises in the Balkans, was engaged in intensive talks most of Wednesday with President Slobodan Milosevic, trying to wear down the Serb's opposition to an international peace force for Kosovo.

Meanwhile, fighting continued in the southern province between Serbs and ethnic Albanians. Mr. Holbrooke was seeking to spur progress before the resumption of peace talks in Paris on Monday. But after six hours of negotiations there was no hint that Mr. Milosevic was ready to compromise.

The main sticking point remains his refusal to accept a NATO-led military force in Kosovo to enforce a political settlement.

The state Tanjug news agency released a statement during the day saying that any attempt to make the political agreement conditional on Belgrade's agreement on foreign troops to police Kosovo was "unacceptable."

"Foreign troops have no business in our country," Mr. Milosevic said in a statement that was issued after talks between him and Mr. Holbrooke resumed after a break of several hours.

Mr. Milosevic said that the U.S.-sponsored plan for Kosovo was "a good basis" for a political settlement of the Kosovo crisis. "The attempts to precondition the political settlement with the acceptance of foreign troops is unacceptable," he said in the statement carried by Tanjug and reported by The Associated Press.

Both sides played down the chances of a breakthrough in the talks at this stage. Western mediators had hoped to have a deal ready for signing in Paris. But all the signs are that the Serbian and ethnic Albanian delegations intend to continue negotiating on crucial details when they reassemble.

There was a sense of urgency as the consequences of heavy fighting in southern Kosovo emerged, when reporters reached the still smoking village of Ivajva. At least four dead were found in the village along with dead animals and scorched farm buildings.

Serbian forces seized control of the village Tuesday after some fighting. Much of the village was destroyed. Many of the inhabitants had fled to the nearby village of Kollina but aid agencies were still searching for an estimated 400 refugees hiding somewhere in the wooded mountains above.

Mr. Holbrooke had warned on his arrival in Belgrade that Kosovo was heading for an even greater tragedy than that endured so far, and that Belgrade was on a collision course with the West.

The American envoy's visit is just one of a stream of foreign officials from the six Contact Group countries to Belgrade this week, although because of his personal relationship with Mr. Milosevic, he is seen as the key to persuading the Yugoslav president to accept the deal.

He was accompanied by the U.S. mediator on Kosovo, Christopher Hill. Mr. Hill has been largely responsible for drafting the proposed peace plan that would grant ethnic Albanians in Kosovo self-rule and the protection of NATO-led troops for an interim period.

The view in Belgrade is that Mr. Milosevic will eventually agree to an international peacekeeping force in Kosovo but that he is not yet ready to

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## As Demand Shrivels Up, Deflation Is Asia's Worry

By Michael Richardson  
International Herald Tribune

SINGAPORE — When East Asia's financial crisis began in July 1997, officials and economists worried that it would cause runaway inflation. Now, they are more concerned about the specter of deepening deflation.

Persistent price decreases in Japan, China, South Korea, Taiwan, Hong Kong and Singapore, triggered by too much capacity and too little demand, are depressing manufacturing production and profits.

If deflation intensifies or spreads to other countries in the western Pacific, officials fear it will worsen unemployment and recession in the region.

"A major constraint to an early recovery, not yet adequately quantified, is the extent of overcapacity in the region, particularly in the property and industrial sectors," Foreign Minister Alexander Downer of Australia warned recently. "The closure of factories and the loss of jobs as a result of the crisis will make it all the more difficult for economies to grow again quickly."

Unfinished or unoccupied office blocks, apartment buildings and hotels in East Asian cities are an obvious legacy of the boom that went bust. Less obvious is the slump in demand that is forcing factories to close or lay off workers across the region.

Many banks are unable or unwilling to lend to companies in East Asia because of perceived risks. Analysts said a deflationary spiral would make them even more reluctant to lend.

"Deflationary trends will exacerbate the banking-sector credit crunch, as banks are reluctant to lend in an environment of falling nominal returns," said Kate O'Donoghue, an associate director in the Singapore office of Barclays Capital, a unit of Barclays Bank. "This will undermine already weak private consumption and investment."

If banks won't extend new credits or roll over existing loans, more cash-starved borrowers and companies will have to sell assets to pay off debts.

"Deflation translates into higher real debt burdens, leading to low demand and an economic contraction, as we have seen in Japan from 1991 onward," said Ajay Kapur, an executive director

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The Dollar			
	New York	Wednesday 4 P.M.	previous close
Euro		1.0945	1.0894
Pound		1.6285	1.619
Yen		119.75	121.015
DM		1.7885	1.7984
FF		5.9919	6.0249
Dollars per pound and per euro			
		Wednesday close	percent change
		9,772.84	+0.82%
		S&P 500	
		1,296.84	+0.55%
		Nasdaq	
		2,406.01	+0.55%
			+13.07

Newstand Prices			
Bahrain	1,000 BD	Mali	55 c
Cyprus	€ 1.00	Nigeria	125.00 Naira
Denmark	17 Dkr	Oman	1,250 QR
Finland	12.00 FM	Qatar	10.00 QR
Gibraltar	£ 0.85	Rep. Ireland	IR £1.10
Greece	€ 1.00	Saudi Arabia	10 SR
Great Britain	£ 1.00	S. Africa	R16 incl VAT
Jordan	JD 1.25	U.A.E.	10.00 Dh
Korea	₩ 180	U.S. (incl. GST)	\$ 1.20
Kuwait	700 Fils	Zimbabwe	Zim\$40.00



A woman checking her laundry in Kampong Sembilan, in Sabah, as a banner for the governing party flies at her door.

## Malaysia Leaders Court Voters in Remote State

Sabah Election Is Test of Economic Confidence

By Thomas Fuller  
International Herald Tribune

KOTA KINABALU, Malaysia — They have come to this remote, northern corner of Borneo by the plane, hundreds of briefcase-carrying government officials from Kuala Lumpur, eager to capture this often rebellious state in the first electoral test since economic crisis struck Malaysia 20 months ago.

The importance that the government attaches to the state election here Friday and Saturday is obvious from the number of times that Prime Minister Mahathir bin Mohamad has shuttled across the South China Sea in recent months.

On Wednesday, Mr. Mahathir arrived for his fourth visit to the state of Sabah since December.

A victory here could provide Mr. Mahathir and his coalition partners with key support, mitigating the damage done to his party following a leadership struggle with his former deputy and protégé, Anwar Ibrahim.

The outcome of Sabah's election, Mr. Mahathir has said, will also determine the timing of national elections — they must be called before April 2000 — and the strategy the government will adopt to keep its two-thirds

majority in the national Parliament.

Despite the importance that has been placed in the election, Sabah is an awkward bellwether.

As the economy on the peninsula slumped last year by about 6 percent, in Sabah it grew by about 1 percent, buoyed by the state's plantation sector and timber industry.

Politics, too, revolve around issues that are foreign to the peninsula. Mr. Anwar's dismissal and ongoing trial — an emotionally-charged issue that has led to Kuala Lumpur's most serious political crisis in decades — causes barely a ripple here.

"A thousand miles across the South China Sea is not just a geographical thing," says Valentine Willie, a Sabah-born lawyer, who now lives in Kuala Lumpur. "It's also a state of mind. People tend to forget that."

Politics in Sabah often hinge on basic needs: paved roads and access to telephones and electricity. Sabah is rich in oil and timber, but the majority of the state's residents are poor, especially those in the hinterland.

Gisin Lombut, the government's candidate in the rural constituency of

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## Unification Church Is Tied to U.S. Gun Company

By John Mintz  
Washington Post Service

WASHINGTON — With parts of its sprawling business empire in decline, the Unification Church headed by the Reverend Sun Myung Moon is finding profits in one of the least-known of its commercial ventures: making guns.

Mr. Moon's four-year-old gun company, Kahr Arms, has prospered amid glowing reviews for the workmanship of its small but potent pistols. Last month, Kahr Arms expanded, purchasing the company that manufactures Tommy guns, fabled in Roaring '20s mob shoot-outs from speeding black

sedans. The ties between Kahr Arms and the Unification Church headed by Mr. Moon have received almost no notice, both within the close-knit gun industry and among church members. The business arm of the church, whose members believe that Mr. Moon is the Messiah and was placed on earth to restore the Garden of Eden, declined to clarify its involvement in the gun business.

One ex-member said that for years church leaders had tried to obscure the movement's involvement with Kahr Arms. "They were afraid if anti-gun groups found out, they'd have a field day," the former member said.

But an examination of corporate records and

interviews with experts on the secretive Moon empire demonstrate the links between the church's business network and Kahr Arms. Kahr, whose factory is in Worcester, Massachusetts, is controlled by Kook Jin (Justin) Moon, 28, the elder Moon's fourth son, who is slated to be second-in-command of the multibillion-dollar Moon empire when his 79-year-old father dies. Justin Moon and his siblings are revered by church members as the Messiah's "True Children."

Some former members and gun industry critics see a contradiction between the church's teachings

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## China Aides Reveal Wave Of Crime and Corruption

In Reports, Judicial System Held Inadequate

By John Pomfret  
Washington Post Service

BEIJING — In a blunt public acknowledgment of a crime and corruption wave sweeping across the world's most populous country, China's two top judicial officials painted a stark picture Wednesday of a legal system staggering under the strains of malfeasance, manned by legal personnel often ill-equipped to do the job.

Speaking to the 2,978 delegates at the yearly meeting of the National People's Congress, Xiao Yang, president of China's Supreme People's Court, and Han Zhubin, the chief prosecutor, acknowledged that corruption was firmly entrenched among judges and prosecutors.

"Serious problems exist," Mr. Han said in his speech, held in the confines of the Stalinist Great Hall of the People on Tiananmen Square. "Illegal enforcement of laws, breaking regulations, torture or illegal interrogation of suspects, the arrest of witnesses."

Righting the wrong would be, Mr. Xiao said, a "long-term and difficult mission."

The reports were unusual because of their frankness and acknowledgment of specific shortcomings in the judicial system and their willingness to reveal statistics about the prosecution of government officials. In this, they marked a clear break with past reports by judicial officials, which generally touched lightly on sensitive issues and focused

more on arrest statistics and China's perennial "strike hard" campaigns against violent crime.

As such, the reports reveal the influence on China's government by its new prime minister, the tough-talking former mayor of Shanghai, Zhu Rongji, who took power one year ago. Mr. Zhu's report to Parliament on Friday was one of the most detailed and textured public government documents in recent years, laying out in relatively clear terms some of China's challenges for the future. Mr. Zhu was also forthcoming about the problems caused by corruption.

Both Mr. Xiao and Mr. Han were under some pressure to write reports that reflected the sometimes anarchic reality in today's China. Last year, 40 percent of the usually faint-hearted deputies at the Parliament voted against a report by Mr. Han's predecessor, Zhang Siping, the largest percentage of deputies to ever oppose a Parliament account.

Mr. Zhang was removed from his post after last year's parliamentary session.

The Supreme People's Procuratorate and the Supreme People's Court then launched a year-long campaign against corruption and incompetence.

This year, deputies seemed to support Mr. Han's report. "For the first time we have received a report on law matters that reflects our concerns," one deputy

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## AGENDA

### Indonesian Troops Kill 6 Rioters in Ambon

Indonesian soldiers killed at least six people Wednesday when they fired on Christian and Muslim rioters in Ambon city. The rioters had been fighting each other with homemade bombs, knives and bows and arrows.

The six victims were hit by bullets in the head or chest. Four others were injured by arrows and seven by bomb fragments.

Earlier Wednesday one man was stabbed to death and dozens of houses were burned in the town, where followers of the two religions had pre-

viously lived in peace for years. The fighting, which began in late January, has been fueled by rising political and social tensions as Indonesia grapples with its worst economic crisis in 30 years. Page 4.

### Australian Executive Is Killed in Thailand

BANGKOK (Reuters) — An Australian executive working with the accountants Deloitte Touche Tohmatsu was shot to death Wednesday in central Thailand, company officials and the police said. It was the first known incident of violence against a foreign executive involved in the recent restructuring of Thai companies.

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## Ecuadorans Strike Against Government

By Anthony Faiola  
Washington Post Service

BUENOS AIRES — Much of Ecuador came to a halt Wednesday as union leaders launched a two-day general strike against government austerity measures.

The government countered by declaring a 60-day state of emergency, using the military to keep the peace and guard vital power generators and oil installations from sabotage.

In the capital, Quito, where most businesses were closed Wednesday, riot police used tear gas to disperse hundreds of protesters who threw stones and Molotov cocktails. In the western

town of Puerto Viejo, the military rolled in after overnight looting. According to local news reports, protesters burning tires blocked several major highways.

The strike comes as Ecuador, a nation of 12 million and one of the poorest in South America, faces its worst economic crisis in decades. Inflation is soaring out of control, the currency is plunging, and panic is spreading that the government may freeze bank accounts or take other drastic action to control the crisis.

President Jamil Mahuad, in office seven months, also extended a "national bank holiday" through Thursday to control a run on the banks following the near collapse of Banco Progreso, the

second-largest Ecuadorian financial institution. Several other domestic banks are also reportedly on the verge of insolvency. The emergency bank holiday has shut banks since Monday.

Unions are protesting Mr. Mahuad's calls for privatization and austerity measures aimed at reforming the overwhelmingly state-run economy. For much of the 1990s, Ecuador has tried to reposition itself as a free-market economy, though the attempts have been largely thwarted by grass-roots opposition and rampant corruption.

In the past two months, the situation

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## War in the Wasteland / Part Ice Age, Part Flash Gordon

## Indians and Pakistanis Tire of Fighting a Glacier

By Dexter Filkins  
Los Angeles Times Service

**S**IACHEN GLACIER, Indian-Pakistani border — In this frozen wasteland, the historic rivalry between India and Pakistan seems as enduring as the glacial ice.

On the Siachen Glacier, where nearby peaks reach 7,010 meters (23,000 feet) and temperatures drop to minus 50 Fahrenheit (minus 45.5 centigrade), the frostbitten armies of two implacable foes have faced each other for 15 years in a conflict both bloody and surreal.

Cold and crevasses kill more troops than opposing armies. In the high, frigid air, skin bonds with metal, sweat turns to ice, and there is not enough oxygen to light a match.

Artillery shells, freed from the normal laws of ballistics, sail for miles. On Siachen's lifeless crags, a soldier's only solace is the pity of his god.

"We are closer to God here, and if I die for my country, he will take me," said Sergeant Rashid Abul, stationed at a 5,180-meter Pakistani border post.

The war on the world's highest battlefield has survived every thaw in Indo-Pakistani relations.

The fight for Siachen alone has cost two of the world's poorest countries a combined 3,500 dead and 10,000 injured, and an estimated \$1 billion a day.

Now, after a meeting last month between the prime ministers of India and Pakistan, both governments are signaling that they may be willing to pull back from their high-altitude fight.

They have agreed to negotiate the future of Siachen and say they would quit fighting there if the terms were right. A growing number of voices say neither nation should sacrifice another life to hold on to a block of prehistoric ice.

"Siachen is worthless to both countries," said A. G. Noorani, an Indian lawyer and columnist who has called for a settlement. "Both armies should vacate the glacier."

The fight over the Siachen is one of the strangest conflicts of modern times, combining the usual stuff of history and politics with mountain climbing, high-altitude survival and a phrase unique to this part of the world: "cartographic aggression."

Siachen, the world's largest glacier outside the polar regions, straddles the Himalayan territory where India, China and Pakistan collide.

A spectacular river of congealed snow, the 77-kilometer (48-mile) Siachen forms the eastern edge of the Karakoram Mountains, where five peaks — including K-2, the famed destination of climbers — reach higher than 7,925 meters.

For most of the nearly 52 years since India and Pakistan broke from the British Empire, Siachen was considered unfit for



On the Siachen Glacier, cold and crevasses kill more troops than opposing armies. In the high, frigid air, skin bonds with metal, sweat turns to ice, and there is not enough oxygen to light a match.

human habitation. In 1949, the year after India and Pakistan ended their first war over adjoining Kashmir, the two nations agreed to a cease-fire line that cut north through the region and stopped near the foot of the uninhabited Siachen.

The point where the cease-fire line ended is still known by its map coordinates: NJ9842.

NJ9842 forms the point of an inverted triangle that spreads northward to the Chinese border.

"It was the Empty Quarter," said Varun Sahni, a professor at Jawaharlal Nehru University in New Delhi. "There was absolutely no expectation that anyone would go up there."

For decades, the only people who ventured to Siachen were tourists — mountain climbers and trekkers scaling its peaks.

Because many of the climbing teams came through Pakistan, some Western maps began to show Siachen as part of Pakistan. In India, this prompted calls for cartographic aggression, meaning, roughly, seizing territory by redrawing a map.

"We decided that we had no alternative but to protect what was ours," said K. C. Singh, spokesman for the Indian government.

In 1984, the Indian Army sent several hundred troops to seize Siachen. The In-

dians took most of the glacier and the high mountain passes along its western edge. So remote was Siachen that Pakistani officials say they learned of the Indian move only after a group of trekkers returning from a climb reported spotting troops there.

The Pakistani Army rushed north and seized a handful of peaks, and the battle lines froze in place.

**T**ODAY, the war on the Siachen Glacier seems part Ice Age and part Flash Gordon. The Indians installed the world's highest phone booth here, at 4,572 meters, so their soldiers could call home.

Village-born troops on both sides roam the gelid wastes with the most modern equipment, darting through 1.6 kilometer-deep gorges in \$1 million helicopters and firing at enemies they cannot see.

"We can hear the Indians, we know they are on the next mountain," said Colonel Javed Hassan Khattak, who commands a Pakistani artillery unit near the glacier.

"We can't see them, but we start firing," Colonel Khattak said.

For all the futility of the struggle, the Indians don't want to withdraw because they command the heights and the glacier.

The Pakistanis don't want to leave, in part because the conflict is costing India more, in both money and dead soldiers.

Each nation deploys about 3,000 soldiers in the area.

At a Pakistani base dubbed the International Himalayan Expedition Camp — it was once used by mountaineers — 30 soldiers stand watch atop a snowbound 5,000-meter peak.

The camp is a desolate place. The temperature on a clear morning in late February was minus 35 centigrade (minus 30 degrees Fahrenheit). The nearest village is 10 days away by foot. There are no trees, no grass and no wildlife, only an unending desert of snowy white.

Just over the next peak lies the Indian Army, though no one here claims ever to have seen it. Occasionally, an artillery shell flies over, and the men scramble for their shelters.

The most common killers are cerebral and pulmonary edema, conditions, caused by high altitude, in which fluid invades the brain and lungs.

On Feb. 25, a dozen Pakistani soldiers

patrolling near Siachen died in an avalanche.

"If we bring someone up who is not properly acclimated to the altitude," said Dr. Jamail Ashlam, a Pakistani Army physician, "after three days, he will be dead."

Guns freeze at the camp, so do cameras. Pick up a rifle without a pair of gloves, and the skin peels from the fingers.

If he strays from one of the designated footpaths, a soldier risks being swallowed by a hidden, snow-covered crevasse.

The two armies say they have developed sophisticated methods that allow their soldiers to survive atop Siachen.

The troops wear puffy white high-tech snowsuits.

Soldiers, tethered together, walk only on footpaths tested for ravines.

The equipment gets special treatment on Siachen.

Artillery is flown up piece by piece — the helicopters can't

carry a whole gun — and assembled on the spot.

"Once the artillery is up here, it is here for good; it is never coming down again," said Colonel Khattak.

"Maybe a million years from now," said Colonel Khattak, "people will come up here and see these things and wonder what on earth we were doing."

A New Predictor  
For Sun Storms

Tool to Help Prevent Power Outages

By Kathy Sawyer  
Washington Post Service

**WASHINGTON** — Scientists have discovered a way to predict the eruptions of powerful solar magnetic storms aimed at Earth, giving civilization extra time to protect its growing networks of communications, power and other electronic conveniences.

An international team of scientists Tuesday reported their discovery that the appearance of a giant "S" etched in X-rays in the sun's blazing halo, is a "reliable indicator" that within days the area will blast a cloud of perhaps 10 billion tons of hot, electrically charged gas into space with the energy of a billion megatons of TNT.

Aside from the potential practical benefits of the discovery, they said, the research also represents a significant advance in understanding the workings of the star that sustains life on Earth.

Several times a day, in all directions, the sun shoots one of these violent discharges from its outer halo, or corona.

These coronal mass ejections are the largest, most violent explosions known on the sun's surface (or anywhere in the solar system) and yet have been observed only since the 1970s.

Perhaps one or two dozen times a year, a significant burst is aimed toward Earth, traveling at 1 million to 2 million miles per hour.

The ejected clouds take two to four days to cross the 93-million-mile distance between the sun and Earth. A protective bubble created by Earth's magnetic field shields the planet from most effects of ordinary solar storms. The impact depends on the magnitude and velocity of the ejection, and the character of the magnetic field it carries. A serious ejection could damage satellites, disrupt global communications and cause power blackouts, as occurred in Quebec 10 years ago; this month, when the sun reached a peak of activity in its 11-year cycle. The next such peak is next year.

With sufficient warning, satellite operators can turn off high voltages on their craft to prevent them from self-destructing when the overloaded hits, and utility companies can shut down some of the \$10 million transformers in their power systems in anticipation of the impending surge of DC current, according to Gary Heckman, a senior forecaster at the Space Environment Center in Boulder, Colorado. Space weather forecasters generally try to monitor such storms as they leave the sun. But, he said, they can provide an accurate forecast of the impact only a half hour to an hour ahead of the storm's arrival at Earth. If the new findings produce much earlier forecasts, he said, "that will be very valuable."

Images from the satellite Yohkoh indicate that the same powerful magnetic forces that trigger the ejections first tend to form an "S" pattern (possibly a backward S, depending on the hemisphere) up to 100,000 miles long over the sun's surface.

Each S is thought to be the exposed edge of a twisted, three-dimensional coil of magnetic field lines — a structure that resembles a gigantic Slinky toy. The telltale skywriting — which can be observed only from above Earth's interfering atmosphere — is emitted in X-ray wavelengths by charged particles trapped in the writhing field lines and glowing at temperatures ranging up to several million degrees.

## Correction

A remark by General Wesley Clark, military commander of NATO, was misconstrued in an article in Tuesday's editions. In response to a question about concerns over the level of military spending in Europe, General Clark said: "It is with some dismay that we continue to hear reports of countries persisting in cutting military spending."

## Gore Presses for Air Passenger 'Rights'

By Sarah Schafer  
Washington Post Service

**WASHINGTON** — Vice President Al Gore and Transportation Secretary Rodney Slater called Wednesday for legislation to outline new rights for airline passengers, and to increase resources to aid people treated unfairly by airlines.

The proposal would require airlines to publicly disclose their policies on flight delays and cancellations; notify customers of lower-price ticket options; double the minimum payment to passengers for mishandled baggage to \$2,500, and double the minimum compensation for being bumped off a flight to \$800, according to a statement released Tuesday by the vice president's office.

The action follows the introduction of similar bills on Capitol Hill after a spate of passenger complaints earlier this year.

In February, American Airlines customers faced cancellations and delays when the company's pilots struck by calling in sick.

In January, thousands of airline passengers were forced to wait for several hours — many of them aboard stranded aircraft — as the airports dug out of a storm that pummeled the Midwest.

The proposal expands on elements of the passenger "bill of rights" introduced by Representative Bud Shuster, Republican of Pennsylvania and chairman of the Committee on Transportation and Infrastructure.

David Fuscus, spokesman for the Air Transport Association, a Washington-based lobbying group for the major airlines, said his group would not comment on Mr. Gore's proposal until they saw all the details.

Some passenger-rights activists fear that the proposed bills will do nothing to address long-term problems.

"They're trying to get at this problem indirectly instead of directly," said David Stempeler, president of the Air Travelers Association, a Washington-based group that represents passengers.

He noted, for example, that passengers paid little attention to the information airlines disseminate now, such as on-time records for various flights.

**A Call for New and Improved "Black Boxes"**

U.S. and Canadian safety investigators have recommended more sophisticated "black boxes" for all aircraft, citing several deadly crashes in which their investigations were hampered by lost data from inadequate recording devices, Reuters reported earlier this week.

The U.S. National Transportation Safety Board said this

week that all planes should eventually have at least a cockpit voice recorder that can run independently of normal aircraft power.

Referred to as "black boxes" although painted orange for easy recovery, the recorders are a vital tool in uncovering the causes of accidents.

Jim Hall, the safety board chairman, listed four major accidents since 1996 in which the recorders stopped prematurely, including the Swissair crash in September off the east coast of Canada.

Both the voice and flight data recorders stopped nearly six minutes before Swissair Flight 111 plunged into the Atlantic Ocean in a crash that killed all 229 people on board.

Mr. Hall also noted problems with black boxes in the 1996 ValuJet crash in the Florida Everglades (111 killed), the TWA jumbo jet that exploded off New York that same year (230 dead) and the SilkAir Boeing 737 that crashed in Indonesia in 1997 (104 killed).

The board recommended that the aviation agency require the retrofit after Jan. 1, 2005, of a cockpit voice recorder that is capable of recording the previous two hours of audio with an independent power source and providing 10 minutes of operation when normal power ceases.

For aircraft made after Jan. 1, 2003, he recommended fitting those planes with two combination voice-data recorders, one as close to the cockpit as practical and the other in the back of the plane.

The Canadian Transportation Safety Board, still deep in the probe of Swissair Flight 111, made a similar set of flight recorder recommendations to Transport Canada and European aviation regulators.

## TRAVEL UPDATE

## Day of Free French Museum Visits

**PARIS (AFP)** — More than 700 museums will offer free admission Sunday in a campaign to welcome the spring and encourage the public to take advantage of France's cultural heritage.

Most museums will display special exhibits or feature events linked to spring for the occasion.

Visitors will be able to vote for the artwork they believe best reflects the season, with the 26 most-favored works to be featured in a catalogue.

## Aeroperu to Suspend All Flights

**LIMA (AP)** — The economically troubled Peruvian flag-ship airline, Aeroperu, has announced it will suspend all flights while it restructures its debt.

Aeroperu suspended international flights from Wednesday and the last domestic flight will be flown Sunday, Jan. 10, said the general manager, said. Passengers holding Aeroperu international tickets will be able to fly on Delta Air Lines or Aeromexico, he said.

## Brazil May Ban Alcohol on Flights

**RIO DE JANEIRO (AP)** — Brazil's aviation authority may limit or ban in-flight alcohol to combat "air rage," officials said.

Airline staff have reported several alcohol-related attacks by passengers, said Ronaldo Jenkins of the airline trade union.

The Belgium-based airline City Bird said Wednesday that it had reached an accord with Lignes Aeriennes Congolaises of the Democratic Republic of the Congo, under which it will operate flights between Europe and Kinshasa. (AP)

## WEATHER

Europe				Forecast for Friday through Sunday, as provided by AccuWeather.				Asia			
City	Today	Low	High	City	Today	Low	High	City	Today	Low	High
Algeria	64/57	54/41	64/57	Amman	64/57	54/41	64/57	Algeria	64/57	54/41	64/57
Amman	64/57	54/41	64/57	Beijing	64/57	54/41	64/57	Beijing	64/57	54/41	64/57
Beijing	64/57	54/41	64/57	Bombay	64/57	54/41	64/57	Bombay	64/57	54/41	64/57
Bombay	64/57	54/41	64/57	Buenos Aires	64/57	54/41	64/57	Buenos Aires	64/57	54/41	64/57
Buenos Aires	64/57	54/41	64/57	Calcutta	64/57	54/41	64/57	Calcutta	64/57	54/41	64/57
Calcutta	64/57	54/41	64/57	Caracas	64/57	54/41	64/57	Caracas	64/57	54/41	64/57
Caracas	64/57	54/41	64/57	Chennai	64/57	54/41	64/57	Chennai	64/57	54/41	64/57
Chennai	64/57	54/41	64/57	Cairo	64/57	54/41	64/57	Cairo	64/57	54/41	64/57
Cairo	64/57	54/41	64/57	Cebu	64/57	54/41	64/57	Cebu	64/57	54/41	64/57
Cebu	64/57	54/41	64/57	Dhaka	64/57	54/41	64/57	Dhaka	64/57	54/41	64/57
Dhaka	64/57	54/41	64/57	Hanoi	64/57	54/41	64/57	Hanoi	64/57	54/41	64/57
Hanoi	64/57	54/41	64/57	Harbin	64/57	54/41	64/57	Harbin	64/57	54/41	64/57
Harbin	64/57	54/41	64/57	Hong Kong	64/57	54/41	64/57	Hong Kong	64/57	54/41	64/57
Hong Kong	64/57	54/41	64/57	Jaipur	64/57	54/41	64/57	Jaipur	64/57	54/41	64/57
Jaipur	64/57	54/41	64/57	Kolkata	64/57	54/41	64/57	Kolkata	64/57	54/41	64/57
Kolkata	64/57	54/41	64/57	London	64/57	54/41	64/57	London	64/57	54/41	64/57
London	64/57	54/41	64/57	Manila	64/57	54/41	64/57	Manila	64/57	54/41	64/57
Manila	64/57	54/41	64/57	Moscow	64/57	54/41	64/57	Moscow	64/57	54/41	64/57
Moscow	64/57	54/41	64/57	New Delhi	64/57	54/41	64/57	New Delhi	64/57	54/41	64/57
New Delhi	64/57	54/41	64/57	Osaka	64/57	54/41	64/57	Osaka	64/57	54/41	64/57
Osaka	64/57	54/41	64/57	Paris	64/57	54/41	64/57	Paris	64/57	54/41	64/57
Paris	64/57	54/41	64/57	Rangoon	64/57	54/41	64/57	Rangoon	64/57	54/41	64/57
Rangoon	64/57	54/41	64/57	Seoul	64/57	54/41	64/57	Seoul	64/57	54/41	64/57
Seoul	64/57	54/41	64/57	Singapore	64/57	54/41	64/57	Singapore	64/57	54/41	64/57
Singapore	64/57	54/41	64/57	Taipei	64/57	54/41	64/57	Taipei	64/57	54/41	64/57
Taipei	64/57	54/41	64/57	Tokyo	64/57	54/41	64/57	Tokyo	64/57	54/41	64/57
Tokyo	64/57	54/41	64/57	Yokohama	64/57	54/41	64/57	Yokohama	64/57	54/41	64/57

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THE AMERICAS

# Fund-Raising House Speaker Is the Life of His Party

By Juliet Eilperin  
Washington Post Service

WASHINGTON — Since his election as House speaker, Representative Dennis Hastert of Illinois has begun offering industry lobbyists the kind of deal they like: private audiences during which, for a price, they can voice their views on what kind of agenda the 106th Congress should pursue.

Last week, for instance, Mr. Hastert gathered for fund-raising meetings with accounting executives, financial services representatives and the clients of the lobbying firm Fierce & Isakowitz, which represents companies in the telecommunications and fast food industries. In one week alone, the new speaker collected roughly \$200,000 in contributions for his

Keep Our Majority political action committee.

The retail fund-raising represents a departure from the approach of the former speaker, Newt Gingrich of Georgia, who regularly sold out large party events in the heartland with his electric vision of the Republican revolution. Mr. Hastert does not rival his predecessor, but he is forging an effective fund-raising machine by leading a ready car to lobbyists eager to get to know the new speaker.

"Speaker Hastert has built up a great deal of goodwill and has a reputation among the business community as a get-it-done guy," said Scott Hatch, executive director of the National Republican Congressional Committee. "From health care to financial services modernization, the business community

likes Hastert because he's a hands-on kind of guy."

But watchdog groups say Mr. Hastert's tactics reflect what they call the regrettable way things are done in Washington. The legislative director of Common Cause, Meredith McGehee, calls it a "pay to play system," in which only influential political activists have an opportunity to participate.

"If you're someone who's a lobbyist or you can hire someone to do it, you get your chance to make your case," Ms. McGehee said, arguing that Mr. Hastert should cast a wider net. "If you happen to be like 99 percent of the rest of us, you don't. It's unfortunate that he shows more interest in playing the game than changing the game."

One Washington lobbyist said the fund-raisers were attracting a crowd

him more than \$155,000, while health care groups donated nearly \$103,000, the center reported.

This year, Mr. Hastert has turned his attention to his leadership action committee, collecting \$350,000 in two months, compared with \$130,000 in all of 1997 and 1998. The money can be used to fund the campaigns of Republican House incumbents and challengers in the 2000 elections.

Mr. Hastert's emerging fund-raising prowess was on more public display recently at the Washington Hilton, as House Republican leaders presided over "Leadership 2000," the Republican congressional committee's single largest event of the year. Organizers say they have already surpassed their fund-raising target of \$2.5 million by more than \$1.5 million.

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## Washington Is Snarled By Surprise Snowstorm

Reuters

WASHINGTON — A surprise snowstorm that pounded the Midwest and then swept eastward to Washington caused at least four traffic deaths, closed schools and some offices Wednesday and led to air and road chaos.

Capital residents dug out from nearly a foot (30 centimeters) of snow following the worst storm in the area this winter and the heaviest single snowfall since a blizzard in 1996.

The police said at least four motorists had died Tuesday in the Washington area in accidents resulting from the late winter storm, which caught most city residents off-guard as meteorologists had predicted little more than a light dusting of snow.

The storm that began in the Midwest earlier this week stretched from Minnesota eastward across parts of Iowa, Wisconsin, Illinois, Indiana, Ohio, West Virginia and Pennsylvania before reaching Washington.

Chicago continued to dig out from what was the second-heaviest snowstorm of the season for many cities in the Midwest.

Flight schedules at O'Hare International Airport were back to normal after more than half the flights were canceled Tuesday because of near white-out conditions during the peak of the storm.

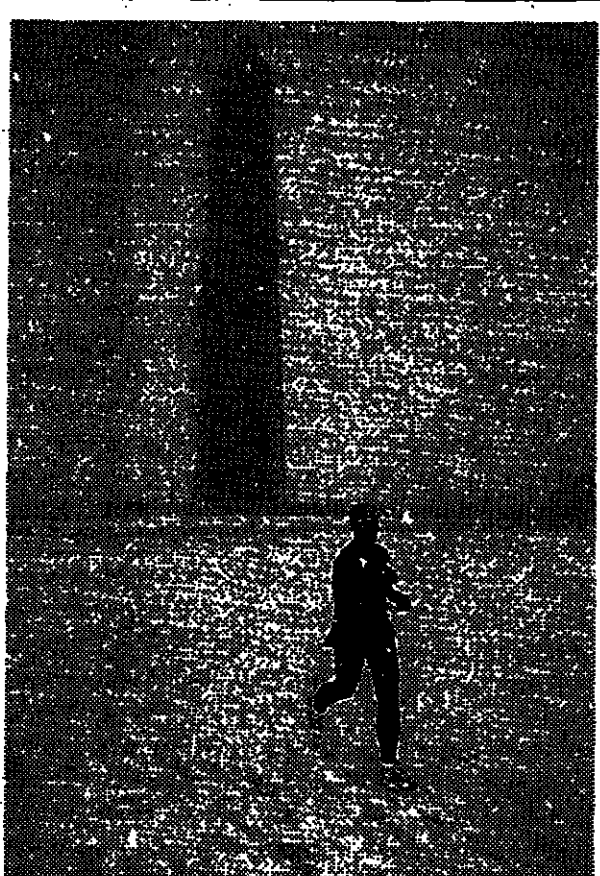
"If there are going to be any delays today, it will be because of the weather on the East Coast," a spokesperson for the Chicago Aviation Department said.

Tara Hamilton, a spokeswoman for the Washington Airports Authority, said delays and some flight cancellations were expected at Reagan National Airport and Dulles International Airport.

Fights to the Midwest were hardest hit. Ms. Hamilton said, adding that both of Washington's airports were likely to stay open. The heavy snowfall caused National Airport to close briefly Tuesday.

At National Airport, one of three runways was operating Wednesday, while at Dulles, two of three were in use.

Schools across the Washington area were closed Wednesday, and federal employees were given the option to stay



A jogger running by the Washington Monument as a heavy snowfall forced government offices to close.

home on unscheduled leave because of the bad weather.

Most of the city's major roadways were cleared overnight, but many secondary roads were impassable.

A spokeswoman for the National Weather Service, Jackie Hale, said light flurries were expected to last throughout the morning but no more heavy snowfalls were likely.

## Mrs. Dole Takes Step For White House Run

The Associated Press

DES MOINES, Iowa — Elizabeth Dole, the former American Red Cross leader who has worked in the administrations of five presidents, announced Wednesday that she had formed an exploratory committee to learn whether she could build enough support to make a run for the White House.

Mrs. Dole, officially joining the ranks of Republican presidential hopefuls, said she had found "a great American yearning" that she hoped to fill with a campaign for the presidency.

She strolled around a room filled with her supporters in a style reminiscent of her speech during the 1996 Republican convention in San Diego as she listed her accomplishments.

"What does a woman like me have to offer the country?" she asked and then listed what she said were 30-plus years of experience in public service. "I'm not a politician and, frankly, today that may be a plus."

"We must rekindle a spirit in our hearts, something very American, something still alive but buried beneath a thickening layer of skepticism and doubt," Mrs. Dole said during her announcement before the cheering crowd of more than 400 people. "We must renew faith in the goodness of our nation and a sense in ourselves that each one of us can make a difference."

As she took the first step toward seeking the Republican presidential nomination, Mrs. Dole pointed out her experience as a cabinet member, and she also tried to distance herself from potential rivals.

With her announcement, Mrs. Dole moves to the first tier of potential Republican contenders. Most polls have shown Mrs. Dole and Governor George W. Bush of Texas as the known potential Republican rivals.

Mrs. Dole also began airing television commercials Wednesday that aides said would flesh out her themes.

"Politics and the politics of governing have become so negative, so paralyzed by special interests that as a people we're beginning to lose faith in our own institutions," she says in commercials aired in Iowa and New Hampshire.

## French Geologist Dies in Colombia After Abduction

Reuters

BOGOTA — Marxist rebels in Colombia have handed over the body of a kidnapped Frenchman who apparently died of a heart attack on the same day last week that three Americans were slain by rebels on the border with Venezuela, an international aid group said.

Claude Steinmetz, a geologist working under contract for the British oil giant BP Amoco, was captured Nov. 23 by the National Liberation Army, known as ELN, near the town of Aguazul, in eastern Casanare Department.

The bodies of the three American activists, who had been helping U'wa Indians in a campaign to stop a U.S. multinational from drilling for oil on tribal lands, were dumped on the border last Thursday.

Rebels handed over Mr. Steinmetz's remains to an official of the International Committee of the Red Cross near BP Amoco's Casanare-Cupiagua oil field.

A Red Cross representative said: "We're 100 percent sure this was the ELN," adding, "it seems Mr. Steinmetz died of a cardiac arrest on the night of March 4, but we're not sure yet."

A French diplomat at the embassy in Bogota said Mr. Steinmetz was married and had two children, but he did not know the victim's boss.

"We're very disturbed by this act," the diplomat said. "The circumstances of his death will be investigated because the ELN had committed itself to guaranteeing his security."

The body had been flown back to Bogota by nightfall and was sent for autopsy.

Communist guerrillas, who oppose what they see as the excessive involvement of foreign multinationals in the Colombian energy industry, routinely seize oil workers in the departments of Casanare and Arica. The rebels use huge ransom payments to finance their long-running war to topple the government.

Colombia has one of the highest abduction rates in the world, with about 2,400 reported cases last year.

News of Mr. Steinmetz's death came shortly after the UN High Commissioner for human rights, Mary Robinson, condemned the killing of three U.S. citizens, Terence Freitas, 24, Ingrid Washinawak, 41, and Laheana Gay, 39.

U.S. and Colombian authorities blamed the larger Revolutionary Armed Forces of Colombia, or FARC, for those murders. FARC leaders have denied responsibility and instead blamed enemies of the fledgling peace process — a reference to ultra-rightist death squads or disgruntled sectors of the military.

Political analysts have said the killings, if found to have been committed by the rebels, could derail slow-moving peace talks between the government of President Andres Pastrana and the various rebel groups.

Continued from Page 1

and its corporate involvement in marketing weapons promoted for their concealability and lethality.

"I see an irony, if not hypocrisy, that someone who professes peace and says he's completing Jesus's work also manufactures for profit an implement with no purpose other than killing people," said Tom Diaz, author of "Making a Killing," a new book critical of the firearms industry. "What's the message, turn the other cheek, or lock and load?"

Two years ago a demoralized British member wrote Mr. Moon saying he was quitting partly because of the church's involvement with Kahr Arms. "I might ask if you, as a founder of a religious organization which has 'world peace' as one of its goals, consider it appropriate to manufacture weapons for sale on the mass market," the member wrote.

Kahr markets a controversial type of small, six-inch-long (15 centimeters) handgun, whose sales are surging. Guns that size had been around for decades, but they could shoot only small bullets.

Then, in recent years, 31 states passed laws, promoted by the National Rifle Association, allowing people to carry concealed weapons. Moreover, in 1994 the government banned manufacture of guns able to hold more than 10 bullets. Unable to sell popular models shooting up to 21 bullets, the industry searched for new products to sell.

Gun firms — with Kahr at the head of the pack — responded to these changes by finding a new market niche to exploit: small but well-made pistols that fire eight or fewer relatively large 9mm and 40-caliber bullets.

Emergency room physicians blame the spread in the last decade of 9mm and 40-caliber guns for

dramatic increases in more devastating and at times fatal gunshot wounds. The National Rifle Association says the nation is safer because of the 2 percent or so of adults who always carry handguns, and it cites studies supporting that claim.

Kahr markets its guns for their concealability, among other things. Its K9 model is "the perfect pocket 9mm," says one ad. "No safeties to fumble with when the pressure is on."

Combat Handguns magazine praised Kahr pistols as "made like a fine Swiss watch." Soldier of Fortune said they "pass with flying colors" the key test of any handgun: their size: "close range, high stress, rapid-fire desperation shooting when all else has failed."

Kahr guns are used by some police officers as backup weapons holstered on their ankles and shoulders. They have not become

popular with criminals, gun experts say, because of their relatively high cost — about \$750 apiece — and because the firm is so new.

Last month Kahr Arms bought into a legendary lethal product line by purchasing Auto-Ordnance Corp., of West Hurley, New York, the maker of Thompson submachine guns. The company was founded in 1916 to develop a portable machine gun that its inventors hoped would win World War I. The "Trench Broom" arrived too late for the war but was snapped up by gangsters like John Dillinger and Machine Gun Kelly.

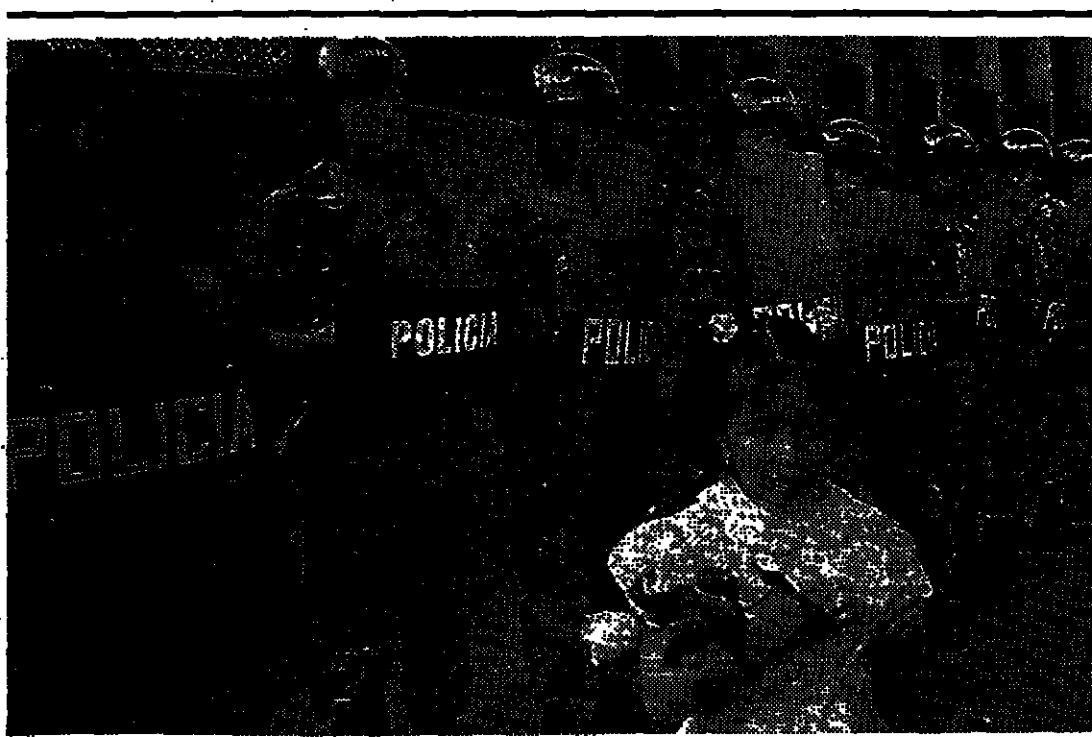
Now Kahr manufactures Auto-Ordnance's line of semiautomatic weapons and is awaiting a federal license that will allow it to make the fully automatic machine guns once beloved by gangsters.

One reason for the Unification Church's expansion into the gun business may be that Moon has often placed money in ventures in which his children have a personal interest. He bought a Manhattan recording studio for a son who was a heavy-metal rock musician, and horse farms for two other children who rode on Korea's Olympic equestrian teams. In the case of Kahr, the elder Moon was drawn to the gun industry by his sons, who are avid firearms hobbyists, said one former member.

Justin Moon graduated magna cum laude from Harvard University with an economics degree in 1992. Then, on his father's orders, he instituted a boardroom shake-up of the church's many firms, placing Moon relatives in the key positions, the former member said. Like his father, "the son was afraid when his dad died, the members would betray the family," the ex-member said. "He wanted everything in the family's name."

Justin Moon then persuaded his father to invest \$5 million in Kahr, arguing that it would be a profitable venture, the ex-member said. The son, who has no engineering training, has received five U.S. patents based on his claim that he invented key technical innovations embedded in Kahr's guns.

The parent company of Kahr Arms, Saeilo Inc., is an offshoot of a cluster of 15 or so other Moon-affiliated concerns, all called some variation of Saeilo and all in the machine tool or car repair business.



An Ecuadorian girl carrying a flower past a police line defending the presidential palace in Quito.

## ECUADOR: Anti-Government Strike Paralyzes Country

Continued from Page 1

has worsened here as foreign investors have avoided Latin America investments following the January collapse of the currency in Brazil, the region's largest nation.

Ecuador is in damage from \$2.6 billion in damage from El Niño storms and even lower prices for crude oil, one of its major exports.

Mr. Mahuad, who began his presidency with high marks after

settling a long-running border dispute with neighboring Peru, has been criticized for taking too long to unveil his new economic strategy. His advisers have said that he will make the plan public Thursday.

The strikes Wednesday were not as severe as some had expected. Union officials were not able to lure anything close to the 10,000 people they hoped for a demonstration in Quito against the government.

Still, there was trepidation about Mr. Mahuad's decision to use the

military to control the strike. Indeed, the state of emergency gives the government broad powers to use the armed forces to quell free speech and demonstrations.

But the military issued a statement Tuesday night that implied that the state of emergency should not be read as an attempt to curb democratic expression. And Interior Minister Vladimir Alvarez said Wednesday that soldiers had orders not to use violence in dealing with protesters at highway barricades.

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THE WORLD'S DAILY NEWSPAPER

### POLITICAL NOTES

#### Warner Is Off to Running Start

WASHINGTON — In an institution that runs on comity and tradition, Senator John Warner has mastered the art of fitting in. With his impeccably tailored suits, silver-gray hair and associations with Elizabeth Taylor and Barbara Walters, the gentleman from Virginia looks like the senator from central casting.

But Mr. Warner's back-slapping bonhomie has not always gotten him the respect that some colleagues say he really wants. As he assumes a leadership role as head of the Armed Services Committee, taking the reins from Senator Strom Thurmond, the 96-year-old South Carolinian who stepped down as chairman in January, the Republican is working to prove he is really up to the task.

Mr. Warner has reorganized the panel, creating a subcommittee to focus on terrorism, chemical and biological weapons and cyberwarfare. By next month, it will have held nearly 50 hearings on subjects from recruiting to national missile defenses since he took over. (NYT)

#### Republicans Unite on Budget

WASHINGTON — Republicans have pledged support for the budget outline worked out last week by their leaders but acknowledged that turning the plan into legislation would be fraught with political risks and difficulties.

After briefings on the plan Tuesday, House and Senate Republicans said they expected to adopt a tax and spending guideline in the next several weeks that would set aside all money generated by the Social Security system, increase military and education spending and cut taxes.

But they appear to have resigned themselves to accepting a much smaller tax cut for next year than they initially envisioned. (NYT)

#### Quote/Unquote

Representative Sandra Rodgers, a Democrat who represents Hope, Arkansas, in the state's House, after the defeat of her bill for a \$500,000 plan to make improvements at Bill Clinton's boyhood-home-turned-museum in Hope: "If they want President Clinton to know that they don't support him, that's fine with me, I'll try to convey that message for him." (AP)

#### Away From Politics

- For the third time in its 96-year history, Crayola is changing the name of the color of a crayon. The company will accept suggestions for a new name for "indian red" over the next three months. (AP)
- A prisoner whose case inspired a Vatican plea that his life be spared was put to death for killing a prison guard during a 1983 riot. Roy Roberts, 46, was executed by injection Wednesday in Missouri. (AP)
- The food supplement creatine, used by many athletes to increase strength, can also increase the strength of patients with muscular dystrophy and other wasting diseases, researchers reported. (LAT)
- Harvard University faculty voted to dismiss a student who had admitted to sexually assaulting a classmate. A lesser punishment of withdrawal was rejected. (AP)



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The GOVCV invites expressions of interest from strategic investors for the acquisition of 51% of the shares of ELECTRA's production facilities, with a long-term concession contract for the distribution networks of electricity and water services, to submit Pre-qualification Documents in order to be considered for selection as Pre-qualified Applicants. The Municipalities' share ownership of ELECTRA is 12.3%. The GOVCV will retain 100 shares and Golden share rights. The remaining shares will be offered for sale to employees of ELECTRA (5%) and approximately 31.67% will be offered for later sale to the local public and Cape Verdean emigrants. Pre-qualified Applicants will be afforded the opportunity to respond to a Request for Proposals (RFP) in respect of the sale of the Government-owned shares (51%) in ELECTRA. Applicants may be electricity and water utilities or consortia led by an electricity utility.

Interested parties may obtain a copy of the Pre-qualification Document by e-mail or down load from the Internet ([www.cvpriprivatisation.org](http://www.cvpriprivatisation.org)), or by written request to: Mr. José Gonçalves, Administrator  
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The Pre-qualification Document must be accompanied by a bank draft payable to "Tesouro Publico" in the amount of 20,000 Euros. The Pre-qualification Document will be due by 16:00 hours on Monday, March 29, 1999. Eligible bidders may contact the above address for clarification or any questions regarding the Pre-qualification process.



## ASIA/PACIFIC

## Tibetans Prepare for a Future Without Dalai Lama



A Tibetan crying at a rally in New Delhi on Wednesday to mark the anniversary of the Chinese occupation of Tibet.

By Dexter Filkins  
Los Angeles Times Service

DHARAMSALA, India — As Tibetans gathered Wednesday in this remote Himalayan town to mark 40 years in exile, their quest to end the Chinese occupation of their homeland seemed bleaker than at any point in recent years.

The Tibetan exiles, long regarded as one of the most cohesive forces in world politics, are beginning to crack under the pressure of a growing body of mostly young Tibetans who advocate confrontation with China. A religious schism is also dividing the 100,000-strong exile community and exposing it to exploitation by the Chinese.

The Dalai Lama, recognized around the world for his leadership of the Tibetan cause, appears increasingly unable to assure Tibetan exiles that his famed "middle way" approach of com-

promising with Chinese leaders will end the occupation of Tibet during his lifetime. A growing number of Tibetans are convinced that the Chinese strategy is to wait for the Dalai Lama to die and take the dream of Tibetan freedom with him to his grave.

The rifts in the movement, combined with the Dalai Lama's advancing age — he is 67 — are forcing many Tibetans to confront a future without him and the prospect that a Tibet freed from Chinese domination is a fading dream.

"Our greatest fear is what will happen to the Tibetan people if his holiness is not here," said Sonam Dargay, a reporter for the Voice of Tibet, which broadcasts news from India into Tibet. "If he dies, the movement may die, too."

In a recent interview, the Dalai Lama acknowledged the disappointment of many Tibetans but said dissent was normal in a demo-

cratic movement. He reiterated his belief that the surest course for Tibetans was one of patience and compromise, and that confrontation would lead to disaster.

"There is growing frustration, but I have confidence that Tibetans will not resort to violence," the Dalai Lama said. "If that happens, many of our genuine supporters — and much of what we have worked for — will disappear."

The Dalai Lama, chosen as the reincarnated Tibetan god-king at the age of two, still appears to command the loyalty and veneration of most Tibetans. He appears in good health and shrugs off the question of his own passing, which would put the exile movement in the hands of another child. "After I die — this not my responsibility," he said with a smile. "Let someone else worry about it."

At the heart of the schism is the

growing number of young Tibetans advocating a more confrontational approach toward the Chinese.

The 15,000-member Tibetan Youth Congress has formally rejected the Dalai Lama's goal of securing an autonomous Tibetan state within China and called for an independent Tibetan nation. The group has also refused to rule out the use of violence to achieve its ends. The new approach marks a shift among Tibetans, who have long regarded the leadership of the Dalai Lama as divine and beyond question.

"How long can we go on like this?" Tseten Norbu, president of the Tibetan Youth Congress, asked recently. "If something doesn't happen very soon, then the duty of Tibetans will be to fight for their country."

The biggest break with the Dalai Lama's policy of peaceful resistance came last year, when a group of Tibetans went on hunger strikes in New Delhi and captured worldwide attention. The hunger strikes, which the Dalai Lama opposed as a form of violence, ended when Thupten Ngodup, 60, doused himself with kerosene and burned himself to death. The rest of the protesters were carted off by the police after 49 days.

In January, about 60 young Tibetans rushed the gates of the Chinese Embassy in New Delhi and burned a Chinese flag — prompting a diplomatic protest in Beijing. Their leaders say they are planning more such actions and are quietly planning to resume the hunger strikes.

The young Tibetans say they have been forced into a more aggressive approach by the failure of the Dalai Lama's nonviolent strategy.

#### Tibetans Stage Protests

On the 40th anniversary of his people's exile, the Dalai Lama on Wednesday accused China of lacking the "political will and courage" to seek a compromise on autonomy for Tibet. The Associated Press reported.

Meanwhile, Tibetan protesters in New Delhi burned 40 Chinese flags, lit firecrackers and burned an effigy representing President Jiang Zemin of China.

An estimated 5,000 people, many in traditional Tibetan dress, strode behind the Tibetan flag toward the Indian Parliament building, chanting slogans against what they call the Chinese occupation of their Himalayan homeland.



The Dalai Lama blowing his nose as he presided over a ceremony in Dharamsala, India, on Wednesday to mark the 40th anniversary of the Chinese occupation of Tibet. He has been suffering from pneumonia for the past two weeks.

## Perry Briefs Japan on Policy for North Korea

Coordinating Strategy in Tokyo, He Is Reported Studying a 2-Track Approach

Compiled by Our Staff From Dispatches

TOKYO — William Perry, the U.S. policy coordinator on North Korea, met with top Japanese officials Wednesday on the last day of a trip through Asia and said the officials want to "stand shoulder-to-shoulder" on a policy toward the Communist North.

"I do not need to explain to the people of Japan how seriously North Korea's nuclear weapons and ballistic missile programs threaten the U.S., Japan and the Republic of Korea," Mr. Perry said after the meeting.

Mr. Perry, the former U.S. defense secretary, will present a set of policy recommendations to President Bill Clinton this month.

He briefed Prime Minister Keizo Obuchi on a preliminary version of the report that was given to Mr. Clinton last week and sought input from the Japanese leader before returning to Washington.

He also held talks in Tokyo with Foreign Minister Masahiko Komura, the chief cabinet secretary, Hiroshi Nonaka, and Hosoi Noriaki, the head of Japan's Defense Agency.

"I found that they have a sim-

ilar assessment of the situation and of the need to stand shoulder-to-shoulder, as we devise a comprehensive approach to the threats posed by North Korea," Mr. Perry said in a statement released by the U.S. Embassy in Tokyo.

The statement did not provide details on the talks.

Munee Suzuki, deputy chief of the cabinet secretariat, said Mr. Obuchi expressed support for Mr. Perry's proposals but added that Japan still needed to study them before issuing any formal response.

Diplomats say Mr. Perry may be considering a two-track approach to North Korea. The first track would be similar to one that President Kim Dae Jung of South Korea has promoted — offering North Korea a package of economic and political benefits if it curbs its missile and nuclear programs.

Benefits could include steps toward opening diplomatic ties between Washington and Pyongyang, easing U.S. trade sanctions and providing food and development aid for North Korea.

If that approach fails, the United States would adopt a harsher con-

tainment policy, possibly including a military blockade of the North, according to speculation among some officials and foreign policy analysts in Seoul.

Mr. Perry had visited Beijing and Taipei before heading to South Korea, where he wound up two days of consultations in Seoul on Tuesday.

The United States has 47,000 troops in Japan and 37,000 in South Korea, its two key allies in Asia.

His trip comes amid reports that U.S.-North Korean talks in New York had bogged down over Pyongyang's refusal to allow free access to a suspected nuclear weapons site in the Communist country.

Any North Korean nuclear activity would violate a 1994 agreement with the United States, under which Pyongyang promised to give up its suspected nuclear weapons program.

Relations between Tokyo and Pyongyang suffered a blow in August, when North Korea fired a rocket across northern Japan. North Korea claimed it launched a satellite, but Japan maintains it was a test of a ballistic missile.



William Perry speaking Wednesday after talks in Tokyo.

In recent days, Japan has moved to improve ties. Foreign Minister Komura said Tokyo was eager to expand contacts with Pyongyang. Last weekend, a lawmaker of the governing Liberal Democratic Party headed to North Korea to discuss the establishment of liaison offices. (AP, Reuters, AFP)

## Indonesian Troops Kill 6 As Riots Flare in Ambon

The Associated Press

JAKARTA — Soldiers fired on Christian and Muslim rioters in eastern Indonesia on Wednesday, killing at least six people, the official Antara news agency reported.

The rioters had been fighting each other with homemade bombs, knives and bows and arrows in Ambon city.

Bullets hit the six victims in the head or chest. Four others were injured by arrows and seven by bomb fragments, the report added.

The police said one man was stabbed to death and dozens of houses were burned in the town, where followers of the two religions had previously lived in peace for years.

The fighting, which began in late January, has been fueled by rising political and social tensions as Indonesia grapples with its worst economic crisis in 30 years.


The latest fighting started early Wednesday in Ambon, 2,240 kilometers (1,400 miles) east of Jakarta, after similar violence had flared in other parts of the city the night before.

A military officer said fighting began in four separate areas. He said homemade bombs went off in several places around the city.

#### Ruling Party Names 5 Presidential Candidates

The ruling Golkar party delayed naming its presidential candidate Wednesday and instead drew up a list of five possible contenders, Reuters reported.

Apart from President B.J. Habibie, they include the armed forces chief, General Wiranto; the party chairman, Akbar Tanjung, who also holds the powerful political post of state secretary; the top economics minister, Ginandjar Kartasasmita, and the sultan of the Javanese city of Yogyakarta, a popular pro-reform figure.



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## Taleban Welcomes UN Plan to Return to Kabul

Reuters

KABUL — The Taleban movement said Wednesday that it welcomed a decision by the United Nations to return international staff members to Afghanistan after a seven-month absence.

UN officials said Tuesday in New York that the United Nations planned to announce this week a limited return of its international staff.

The world body pulled all of its international staff out of Afghanistan after one member was killed following U.S. bombing raids in August.

Taleban officials reiterated earlier promises regarding the safety of both international and local UN employees.

During a meeting with a UN special envoy, Lakhdar Brahimi, two weeks ago, the Taleban announced safety guarantees for UN employees in the 90 per-

cent of the country that the militant Islamic militia controls.

The United Nations said that officials, including humanitarian and human rights workers, were expected to go to Kabul in small numbers this month. They are to reassess the security situation in June, before other employees are sent back.

About 40 UN foreign staff members were pulled out of Afghanistan on Aug. 22 after Carmine Calo, an Italian serving as a UN military adviser, was killed.

The murder was seen as retaliation for the Aug. 20 U.S. missile raid on Afghan bases allegedly used by the Saudi-born suspected terrorist, Osama bin Laden. He has been indicted in the United States on charges of plotting the bombings of the U.S. embassies in Kenya and Tanzania that killed more than 200 people.

#### Afghan Foes Fighting

Fighting erupted Wednesday in Afghanistan's central district of Yowkhang between the Taleban and a rival faction, according to the Afghan Islamic Press, Agence France-Presse reported from Islamabad, Pakistan.

It was the heaviest fighting in the area after a series of clashes between the Taleban and the Shiite Muslim Hezb-i-Wahadat over the past few weeks.

The report, which could not be independently confirmed, said both sides were using heavy weapons in the battle, which erupted as Taleban and opposition representatives were to hold peace talks in Turkmenistan.

Yowkhang is in Bamian Province, which was taken by the Taleban from Hezb-i-Wahadat last year.

#### BRIEFLY

## Japanese Author Runs for Office

TOKYO — A staunchly nationalistic Japanese novelist threw his hat into the ring on Wednesday to be governor of Tokyo and promised a rebirth of the capital.

"If the leader of the nation's capital says to the nation what needs to be said, Japan itself will probably change," Shintaro Ishihara, 66, said in announcing his candidacy for the April 11 race, according to the Japanese press.

Mr. Ishihara co-wrote "The Japan That Can Say No" in the early 1990s, sparking a sensation by calling for the country to take a more nationalistic stance in foreign policy. He is a former member of Parliament for the ruling Liberal Democratic Party and a former transport minister. He previously ran for governor of Tokyo in 1975 and lost and is one of six candidates running this year. (Reuters)

## China Seeks to Clean Up Courts

BEIJING — China's most senior justice officials vowed Wednesday to press a campaign to purge corrupt judges and prosecutors from their ranks, saying clean courts were crucial to staving off social unrest.

Xiao Yang, the president of the Supreme People's Court, and Han Zhibin, the chief prosecutor, outlined crime- and corruption-busting plans for the year in separate 80-minute speeches before the national legislature. (AP)

## Burma to Ask Manila for Help

MANILA — Foreign Minister Win Aung of Burma will make a three-day visit to Manila to seek Philippine support for his country's participation in a meeting between the European Union and the Association of South East Asian Nations, an official said Wednesday.

Mr. Win Aung, who will arrive on Sunday, will discuss a "possible formula for unraveling the deadlock" with the EU on Burma's status in the ASEAN-EU meeting.

The foreign ministers of ASEAN and the EU are scheduled to meet in Berlin at the end of March, but the European nations have said they do not want Burma to attend because of the military government's poor human rights record. (AP)

## Deadly Bombing in Colombo

COLOMBO — Three bombs exploded in the Sri Lanka capital, killing one person and injuring 12, the police said Wednesday. They blamed the Tamil Tigers rebel group for the blasts, which occurred near the central Maradana railroad station. (AP)

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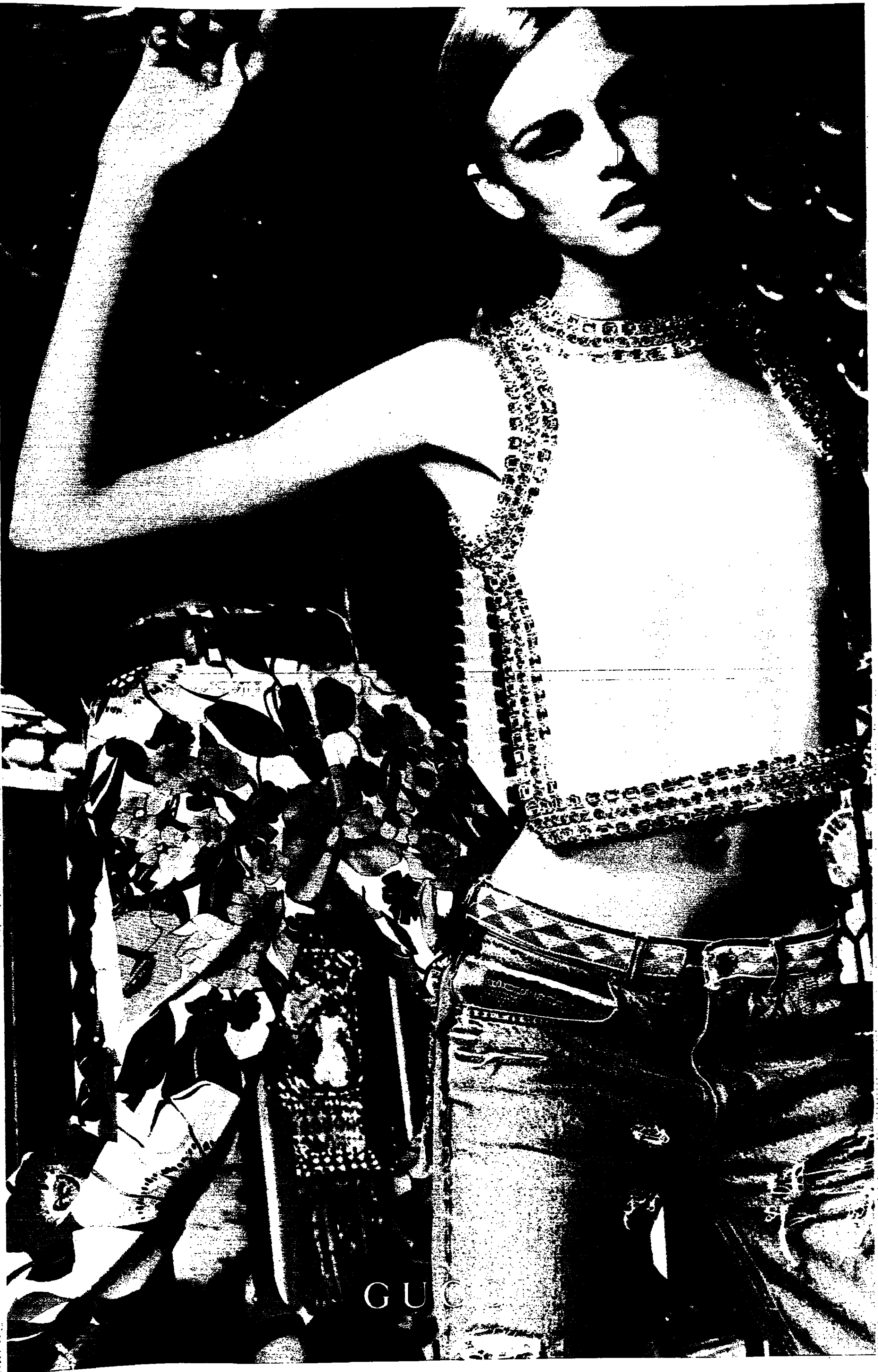
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## INTERNATIONAL

## In Salvador, Clinton Vows 'Fairness' for Immigrants

The Associated Press

SAN SALVADOR — President Bill Clinton promised Wednesday "justice and fairness" for Central Americans under U.S. immigration laws but stood firm against illegal migration, saying it "undetermines the control of our borders."

In a speech to El Salvador's legislative assembly, which sides with the centerpiece address of his four-day tour through the region, Mr. Clinton lauded El Salvador's rebirth from the bloody political strife of the 1980s and pledged continued help to those still struggling to recover from Hurricane Mitch.

And while he recognized economic need as the reason for emigration, Mr. Clinton defended U.S. immigration policy against the criticism of Salvadoran lawmakers, who are pushing for special migratory status for the citizens of their country.

Mr. Clinton said illegal immigration "punishes hard-working people who play by the rules and who wait their turn to come to the United States." But, noting that the past political strife had colored U.S. policy, Mr. Clinton promised to work with Congress to develop "more even-handed" immigration laws.

"Our treatment of people from Central America should reflect what they suffered rather than who caused the suffering," he said. "This is wrong, and we should change it."

Juan Duch Martinez, president of the unicameral assembly, asked Mr. Clinton to impress upon Congress that Salvadorans are fleeing joblessness and the ravages of the hurricane.

Addressing the democratically elected assembly in its main chamber, or Blue Room, Mr. Clinton also celebrated the transformation El Salvador has experienced since a 1992 peace agreement. And he noted U.S. exports had tripled since the civil wars of the 1980s ended.

"Years ago, we learned that if Central America suffers, we suffer, too," Mr. Clinton said. "In the last 10 years, we have learned how very much we benefit when Central America prospers in peace."

A six-man honor guard stood at attention next to the president during his speech. At the end, Mr. Clinton received a standing ovation, and he paused to sign the "gold book," which records everyone who has addressed the legislature.

Later Wednesday, the third day of his trip, Mr. Clinton traveled to Guatemala, where peace is even more recent. An agreement in 1996 ended 36 years of civil war in which 200,000 Guatemalans died or disappeared.

At an afternoon roundtable with citizens at Guatemala City's National Palace of Culture, Mr. Clinton risked confronting Guatemalans' resentment over an official "truth commission" report last week that blamed the U.S.-backed army and the CIA for many of the civil-war deaths and disappearances.

Rather than apologize, as he did last year in Rwanda for U.S. negligence in stopping genocide there, Mr. Clinton should offer Guatemalans "an uplifting message," Foreign Minister Eduardo Stein Barillas advised. "There are so much more elements of hope and reconciliation in Guatemala than sentiments for revenge."

Mr. Clinton is seeking \$956 million in additional reconstruction aid for Central America. He has also asked Congress for enhanced, but limited, trade benefits under the Caribbean Basin Initiative, for Central American and Caribbean nations trying to rebuild agriculture, industry and jobs after storms last autumn.



RAILROAD COMPETITION — Filipinos waiting for more passengers Wednesday for one of the foot-propelled carts that they push alongside trains in Manila. The fare is about 13 cents a ride for short distances.

## Austrian Gets Life for Racist Bombings

Reuters

VIENNA — An Austrian man was sentenced to life imprisonment Wednesday for a racist bombing campaign that killed four people and maimed several more.

A court in the southern city of Graz found Franz Fuchs, 49, guilty on all counts, including four murders and more than a dozen cases of causing grievous bodily harm with bombs, most of which were concealed in letters.

The court deliberated for several hours before handing down the verdict at 2:30 A.M. local time in the absence of the defendant. He bellowed racist slogans every time he appeared in the dock and had therefore been excluded from the courtroom for most of the monthlong trial.

"Long live the Germanic people," he

shouted in the dock on Tuesday during a final attempt by the judge to have him present for the proceedings.

An unemployed technician whose letter bomb campaign terrorized Austria for four years, Mr. Fuchs was described by court psychiatrists as intelligent but a fanatic bent on violence.

Mr. Fuchs, whose hands were blown off by a home-made bomb during his arrest in 1997, will serve his sentence in a prison for the mentally disturbed. It was not immediately known whether he planned to appeal.

Mr. Fuchs claims to be a member of the obscure Bajuvarian Liberation Army, which he says wants to reunite German-speaking peoples in Bavaria, the Alps and along the Danube within borders that existed between the sixth and 12th centuries.

But the court ruled that he acted alone, and prosecutors said the group existed only in his mind.

Mr. Fuchs was arrested in his hometown of Gralla, 240 kilometers (150 miles) southwest of Vienna, when police were alerted by two women who said they thought they were being stalked.

A search of his house turned up five pipe bombs and a booby-trapped device similar to one that killed four gypsies in 1995 in the worst of his bomb attacks on foreigners, minority groups and those who support the integration of foreigners in Austria.

His most prominent victim, Helmut Zilk, the former mayor of Vienna, told the court last month how a letter-bomb went off in his hands at home one December evening in 1993. He lost two fingers on his left hand.



Mohammed Abu Shamallah, Ossama Abu Tahar and Raed Attar after their sentencing in Gaza City on Wednesday.

## Palestinian Court Sentences A Security Officer to Death

Compiled by Our Staff From Dispatches

GAZA CITY — A Palestinian military court sentenced a security agent to death Wednesday for his involvement in the shoot-out killing of an officer belonging to another agency.

At least two people were killed and four wounded Wednesday when Palestinian police opened fire on several hundred people protesting the verdict in the Yabneh refugee camp near the southern Gaza town of Rafah, witnesses said.

The trial highlighted the difficulties of reining in rival security branches that do not have clear mandates and illustrated the friction between clan justice and the rule of Yasser Arafat's Palestinian Authority.

As he was led away by police, Raed Attar, 25, shouted "There is no justice in Palestine. This court decision has been fabricated."

About 100 members of Mr. Attar's clan gathered outside the court, shouting "We want justice!" and "We will not allow this sentence to pass!"

The severity of the sentence was

unexpected, although the dead man's family had demanded a death sentence.

It was not clear when Mr. Attar was to be executed by firing squad, but a death sentence handed down last month against a Palestinian security official was carried out within hours.

The five-judge court also handed down long sentences to two of Mr. Attar's colleagues for their role in the killing of Captain Rifat Joudeh, a member of the Preventive Security Service, in a shoot-out last month in the Gaza Strip town of Rafah. Captain Joudeh and his men were trying to arrest the three, all of whom were former members of the Islamic militant group Hamas who had joined a small band of former vigilantes, the Special Security Bureau, that is recognized by the Palestinian Authority.

There are at least eight security agencies in the Palestinian Authority, and there appears to be little coordination among them; some agencies even seem unaware of others' existence. (AP, AFP)

## Republicans Aim Salvo At Clinton's China Policy

By Doyle McManus  
Los Angeles Times Service

WASHINGTON — Charges that a U.S. scientist gave nuclear secrets to China have prompted Republican leaders to step up criticism of the Clinton administration's ties to Beijing, an early barrage on what may become a major front in the new presidential campaign.

Several Republican presidential candidates denounced President Bill Clinton's policies on China as bankrupt, and pointed to the security issue as an example. "What the spy scandal underscores is that this administration does not have a serious China policy," said Malcolm (Steve) Forbes Jr. "Their policy is one of appeasement."

On Capitol Hill, Senator Trent Lott of Mississippi, the majority leader, accused the administration of inaction in the face of repeated leakage of secret technology to China. "We found out last year when the technology was transferred through American corporations, now we find this lax security," Mr. Lott told reporters. "What I want to know is: What actions are we going to take to stop this kind of misconduct?"

In response, Vice President Al Gore, the Democratic front-runner in the 2000 presidential race, said the alleged security breach occurred during the Republican presidency of Ronald Reagan.

"That happened during the previous administration," Mr. Gore said in an interview with CNN. "That happened back in the 1980s. And as soon as the investigation identified targets of that investigation, then the law enforcement community handled that very aggressively, and it resulted in a presidential directive that completely changed the

security procedures in the weapons labs."

But Mr. Lott said a Senate investigation beginning this week would focus on why the administration took so long to address the security problems. And some Republican presidential hopefuls — Mr. Forbes, Senator John McCain of Arizona, former Vice President Dan Quayle and the religious activist Gary Bauer — said they would press the broader issue of China policy over the coming months.

"China is going to be a big issue in this campaign, including the primary campaign," said Robert Kagan, a Republican foreign policy specialist. "It's a core grass-roots issue for Republicans. When a candidate goes before a conservative audience, China is an applause line."

The new questions on Chinese espionage and U.S. security stem from the case of Wen Ho Lee, a Taiwan-born scientist who was fired Monday from his job at the Los Alamos National Laboratory after he refused to answer questions from the FBI. The FBI was investigating what officials describe as an unauthorized transfer to China of secret data on making small nuclear warheads, information that could help Beijing build advanced multiple-warhead missiles.

But they echo earlier questions about unauthorized transfers of satellite technology to China by Loral Corp., and form part of a broader Republican critique of the Clinton administration as too cozy with Beijing.

"Today's headlines are proof that American policy on China is failing on all fronts," said Mr. Bauer, who has campaigned for a tougher U.S. policy on human rights in China.

As an important side effect of the controversy, Republican support for China's application to join the World Trade Organization — a goal of both Beijing and the Clinton administration — appears to be dimming.

"When you look at the overall situation with China now, their trade policies, their human rights policies, as well as their use of technology that we are very much concerned about, I'm not prepared to go along with WTO for China at this point," Mr. Lott said.

The Clinton administration has been negotiating with China over WTO membership, which would give Beijing easier access to world markets. Administration officials have said they are insisting that China meet stringent conditions and open its own market to others. China wanted a deal in time for Prime Minister Zhu Rongji's April visit to Washington, but U.S. officials said it was not clear Beijing would meet their conditions.

The trade issue has divided Republicans. Business-oriented Republicans have favored aggressive efforts to promote more trade with Beijing, social conservatives like Mr. Bauer and Mr. Forbes have argued that human rights should come first.

The espionage issue has added national security to the mix, prompting senators like Mr. Lott and Mr. McCain to speak out. A spokesman for Mr. Quayle said he plans to take up the issue in a speech in Los Angeles this month.

The Republican front-runner, Governor George W. Bush of Texas, has avoided taking positions on most national issues, saying he wants to concentrate on his job as governor until June.

Other Republicans said they want to see where Mr. Bush comes out on the issue, since his father, former President George Bush, was a leading proponent of trade and engagement with China.

Mr. Gore, in his CNN interview, defended the Clinton administration's policy: "China is the most populous country in the world. Its economy is growing, and its role in the world is going to continue to grow whether we want that or not."

### BRIEFLY

### 6 Libyans Sentenced In Paris in Absentia

PARIS — A special court Wednesday sentenced six suspected Libyan agents to life in prison for the midair bombing of a French airliner in which 170 people died in 1989.

The seven judges handed down the verdict in the absence of the defendants, who would be allowed a new trial should they turn themselves in or be handed over by Libya.

Among the six is Abdallah Senoussi, the 47-year-old brother-in-law of Colonel Muammar Gadhafi.

The DC-10 UTA airliner exploded on Sept. 19, 1989, over the Sahara desert while on a flight from Brazzaville, Republic of Congo, to Paris. (AFP)

### Kinshasa Expels British Diplomat

KINSHASA, Democratic Republic of the Congo — The government expelled a British diplomat Wednesday, accusing him and five detained British and U.S. government officials of spying.

Interior Minister Gaston Kakudji said the unidentified diplomat, who was briefly detained Sunday, had been told to leave the country at once.

Mr. Kakudji said the diplomat, the four British officials and one U.S. official had been detained at a military site in possession of maps. In London, the Foreign Office rejected the suggestion of spying. (Reuters)

### Prince Charles Stirs Argentine Anger

BUENOS AIRES — Britain's Prince Charles, on the second day of a visit aimed at improving ties with Argentina, found himself in a diplomatic minefield Wednesday over an apparent reference to the Falkland Islands.

Although Charles did not mention the islands by name, he told guests at a reception here Tuesday night that Argentina should coexist peacefully with "another, smaller democracy" off its coast.

Vice President Carlos Menem told a local radio station Wednesday that the prince "took an intolerable attitude." He said: "The islanders have no right to self-determination as the prince suggested in a typically British trap." (AFP)

### Ruling Party Wins Easily in Antigua

ST. JOHN'S, Antigua — Car horns blared and supporters jumped for joy as the party that has dominated Antigua's government for decades won a convincing election victory despite charges of corruption.

Prime Minister Lester Bird's Antigua Labor Party won 12 of 17 parliamentary races in the election Tuesday, one more seat than it held in the previous government.

Mr. Bird, 61, easily won re-election in his district by 1,704 votes to 983 for two challengers. The opposition United Progressive Party won four seats, down from six, and the Barbuda Democratic Movement held on to one seat.

Antigua's elections council had yet to release figures for total votes cast and vote percentages Wednesday. (AP)

## House Republicans Want Debate on Kosovo Force

By Juliet Eilperin  
and Helen Dewar  
Washington Post Service

WASHINGTON — The Republican leadership of the House of Representatives is pushing ahead with plans to hold a debate Thursday on deploying American troops to Kosovo, turning aside warnings from the White House that they could undermine peace talks in the Balkans.

Senate Republicans are also expected to assert their claim to a say in the possible deployment of U.S. forces, though in a different manner.

[The U.S. secretary of state, Madeleine Albright, on Wednesday urged Congress to delay the debate, Reuters reported.]

"[A congressional debate now, I assure you, would complicate our efforts to get Serbs and the Kosovo Albanians on board" for a peace deal, she told a congressional committee. A vote on the issue could be even more damaging because "it sends a totally wrong signal to Milosevic and to our NATO allies," Mrs. Albright said, referring to the president of Yugoslavia, Slobodan Milosevic.]

With his party divided over the wisdom of sending U.S. peacekeepers, the

house speaker, Dennis Hastert, Republican of Illinois, has decided to bring up a nonbinding resolution approving President Bill Clinton's authority to deploy the troops. But Mr. Hastert will allow his colleagues to consider altering the measure or killing it outright, and lawmakers of both parties say it is impossible to predict what will eventually pass.

Such murky prospects have Clinton administration officials worried that Congress could undermine talks aimed at securing an international peace deal granting more autonomy to Kosovo, a province of Serbia. Under a proposed deal, NATO would dispatch 28,000

troops, including 4,000 from the United States, to keep the peace.

Clinton aides argue that the president does not need congressional authorization to commit U.S. troops as part of a NATO peace force. They say they are not opposed to a nonbinding resolution supporting the deployment, but they want it taken up after a Kosovo agreement has been reached. Even passage of the resolution, if it occurred after an acrimonious debate, would undercut the U.S. role, officials said.

But many lawmakers are still bitter that it has become politically impossible for them to cut off funding for troops already in the field.

Addressing this point, the Senate majority leader, Trent Lott, Republican of Mississippi, said Tuesday that "we need to raise these questions now," before troops are introduced.

"I don't think we should wait till the president presumes without congressional approval to put troops on the ground again," Mr. Lott said. "Then Congress will be charged with not being supportive of our men and women in uniform, which is not fair."

Senate Republicans are planning to express their dissatisfaction with the White House by inserting a provision into an emergency spending bill that would prevent the government from spending any money on military activities in Kosovo until the president submits a report to Congress addressing 15 specific points about the mission.

But the administration's more immediate problem is in the House, where a sizable faction opposes any deployment and the new speaker has voiced frustration with the White House for its handling of the matter.

Some Republicans plan to offer an amendment Thursday that would oppose sending peacekeepers. But Democrats plan to offer an amendment predicated the authority on a peace agreement.

### German Rail Review Follows 6 Accidents

Agence France-Presse

BONN — The German railway company Deutsche Bahn announced Wednesday a review of maintenance procedures after a series of train accidents.

The head of Deutsche Bahn, Johannes Ludewig, said after meeting with railway trade union representatives in Frankfurt that job cuts were necessary to help the state-owned company remain competitive. But he agreed that the company would have to think twice before axing jobs linked to railway safety.

Since the start of March there have been six accidents. In the latest, several cars transported by train caught fire Wednesday in southern Germany.

A cable fire at the central train station in Cologne disrupted rail traffic Monday and two passenger trains collided Tuesday at Erfurt, injuring 13 people.

## Cohen and Jordan King Discuss Use of Additional Military Aid

The Associated Press

AMMAN — Defense Secretary William Cohen met Wednesday with the newly installed king of Jordan to discuss ways to convert a \$200 million increase in U.S. military aid into stronger, more mobile ground forces.

Mr. Cohen visited King Abdullah at the hilltop Raghadan Palace in Amman. Later, he was to place a wreath at King Hussein's grave site.

Mr. Cohen arrived in Amman on Wednesday after meeting in Kuwait with senior defense officials and the emir, Sheikh Jaber al Ahmad al Sabah. That stop completed a six-nation tour of friendly Gulf states.

During his talks, Kuwaiti leaders and Mr. Cohen agreed to enhance military cooperation, including a regional shared early warning system for Gulf countries that would alert them to missiles fired from Iraq or Iran.

Mr. Cohen was to travel on to Egypt later Wednesday and will complete his

trip in Israel on Thursday.

While Mr. Cohen spoke of warm relations during his Gulf tour, there appeared to a current of discomfort. The only Arab official to appear with Mr. Cohen and make a statement was the foreign minister of Qatar, who criticized U.S. strikes in the Iraqi no-flight zones.

The Clinton administration is backing a sharp increase in military aid to Jordan. Previous proposed military aid to Jordan of \$120 million over the next two years would nearly double to \$220 under a plan under the first stages of congressional consideration.

Of \$300 million that President Bill Clinton proposed for Jordan over the next three years, in addition to other aid packages, two-thirds would go to defense, according to a senior U.S. defense official who spoke on condition of anonymity.

Jordan is trying to improve its ground forces by adding more mobile units to solve what Jordanian military commanders regard as a border security problem.

سكرا من الامم المتحدة



EUROPE

## Suspected Basque Leaders Arrested by Spanish Police

**Agence France-Press**  
MADRID — The Spanish police, pressing a crackdown on the Basque separatist group ETA, dismantled an ETA unit and arrested nine suspected guerrillas after apprehending the group's military leader in Paris, the interior ministry said Wednesday.

The latest arrests, in and around the northern city of San Sebastian late Tuesday, included two of the group's most wanted members, Sergio Polo Escobes and Kepa Etxebarria Sagarzazu.

The ministry said the two were arrested at the start of the night-long sweep after an exchange of gunfire with the police in which no one was injured.

The two are suspected members of the ETA's Donosti unit, considered to be one of the most ruthless and best organized groups in the organization.

The police blame the Donosti unit for the July 1997 abduction and murder of Miguel Angel Blanco, a popular young city councillor in the Basque city of Euzkadi, whose death unleashed a wave of anti-ETA sentiment across Spain.

Mr. Polo Escobes, an ETA member since 1983, is a suspect in five murders and numerous bomb attacks that injured many.

Mr. Etxebarria Sagarzazu is wanted in the 1997 murder of a prison guard in San Sebastian.

Earlier Tuesday, the group's suspected military leader, Javier Arizzenen Ruiz, one of Spain's most wanted men, was arrested in Paris along with five other suspected members of the organization.

Mr. Ruiz, also known as Kantauri, was seized along with five other sus-

pected ETA members in two separate operations. Four, including Arizzenen Ruiz, were arrested at a hotel. The others were seized at an apartment used by the group as a logistics base.

The interior ministry said the Donosti unit had been under police surveillance for a long time, but that the Tuesday operation was accelerated with the participation of the French police.

The Basque region, which is mainly in Spain but straddles the border with southwestern France, is home to more than 1.25 million people of Basque ethnicity who speak a unique and ancient language.

ETA, whose initials stand for the Basque words for Basque Homeland and Liberty, waged a 30-year violent separatist campaign in which nearly 1,000 people died.

It pledged late last month to uphold an open-ended cease-fire that it had declared Sept. 18, but the Spanish government, insisting that ETA was still a terrorist group, said the pledge contained "nothing new."

A government spokesman said the ETA statement was "aimed at pleasing its grassroots, for internal consumption, and contains nothing new in terms of the situation."

"The ETA continues to be what it is: a terrorist group that accepts neither democracy nor the will of the citizens," he told the Spanish national radio.

In its statement, the ETA praised the "increasingly courageous" attitude of the Basque moderate nationalist parties and the French Basque party Abertzaleen Batasuna.



A relief crew paddling its way on Wednesday through the village of Malton, northern England, where flood waters were still high after the River Derwent burst its banks.

## EU Commission Adopts Ethics Code

Hoping to Survive Fraud Probe, Executive Tries to Rebuild Image

By Barry James  
International Herald Tribune

BRUSSELS — The European Commission, which is hoping for exoneration next week from an independent committee investigating corruption allegations, has formally adopted a code of conduct for commissioners and their staff as part of efforts to rebuild its political credibility.

The commission, the executive body of the 15-nation European Union, survived a censure motion in the European Parliament on Jan. 14, but the result was the appointment of the five-member committee, which is investigating charges of mismanagement, fraud and nepotism.

The committee is scheduled to deliver its report to the Parliament on Monday. The president of the commission, Jacques Santer, has said that if the report substantiates allegations against any of the 20 commissioners, those named will have to "accept the political consequences," which is presumed to mean resignation.

True to its opaque nature, the commission published codes of conduct for the commissioners themselves and for the way the commissioners handle relationships between their private offices and their departments — but it left unpublished its document on how staff members ought to behave. A spokesman said that matter was still subject to consultation with representatives of the staff.

The new code for commissioners received its first challenge even before it was published, when the commissioner in charge of humanitarian affairs, Emma

Bonino, revealed that she was a candidate for the Italian presidency.

A spokesman said that it was anybody's right to be a candidate for office and that Ms. Bonino had not breached the new requirement that political activity should not compromise a commissioner's "availability for service." But the document also requires commissioners to guard their independence by ruling out any hint of a conflict of interests.

For the first time, the code of conduct specifically rules out the custom of commissioners "parachuting" aides in their own private cabinets into senior commission posts when they leave office.

For more than 40 years, the unelected commission, which initiates legislation and is the guardian of the EU's founding treaty, has operated with Olympian aloofness from the public. But the treaties of Maastricht and Amsterdam augmented the responsibilities of the European Parliament, making the commission answerable to the assembly and indirectly putting it at the mercy of powerful parliamentary political blocs.

A senior official said one of Mr. Santer's main concerns was to reform the commission and hand it over to his successor at the end of this year with its authority undiminished. He wanted to keep the commission from becoming a kind of secretariat for the Parliament, although some legislators clearly would like to move in this direction.

The chances of the courtly and soft-spoken Mr. Santer winning another term are considered extremely remote, and governments are searching for a candidate to be named before the end of the

German presidency of the EU in June. Although some names have been floated, such as Romano Prodi, a former prime minister of Italy, and Javier Solana, the secretary-general of the North Atlantic Treaty Organization, the field appears to be wide open.

The independent experts investigating the fraud allegations are Inga-Britt Ahlenius, auditor-general of Sweden; Juan Antonio Carrillo Salcedo, a law professor at the University of Seville, Spain; Pierre Lelong of France and Andre Middelhoeck of the Netherlands, two former members of the EU Court of Auditors, and Walter Van Gerven, a law professor at the University of Leuven, Belgium.

If the investigation confirms allegations of misconduct, pressure is certain to mount in Parliament for the heads of at least some commissioners.

The official seen most at risk is former Prime Minister Edith Cresson of France, the commissioner for research and education. Irregularities have been identified in the Leonardo program, an educational program operated on behalf of her department by an outside consulting company. She also gave temporary commission contracts to an acquaintance from the town where she formerly served as mayor.

But Mrs. Cresson has steadfastly denied any wrongdoing.

Mr. Santer claims to have cleaned up the commission and says that cases of wrongdoing seized on by the Parliament had been identified by an internal fraud unit set up under his direction. Several of those cases have been turned over to judicial authorities in Belgium and Luxembourg.

### BRIEFLY

#### French Papers Assail Verdict

PARIS — Newspapers were heavily critical Wednesday of the acquittal of former Prime Minister Laurent Fabius and one of his ex-ministers, Georgina Dufour, stemming from a 1980s scandal over transfusions using blood contaminated with the virus that causes AIDS.

The daily France-Soir complained, "After the class struggle, now the caste struggle," reflecting a popularly held view that French politicians were a class above the law. The conservative Le Figaro said the verdict had opened another trial — "that of unacceptable privileges."

The center-left daily Liberation wrote that the special court that reached the verdict "had condemned itself," as its verdict "mirrored its make-up, and it will not survive." (Reuters)

#### Beer Drinking Falls in Germany

BONN — Beer consumption in Germany fell 2.9 percent last year, the government said Wednesday.

Experts say a more health-aware public, high unemployment and a sluggish economy account for years of declining beer sales. In Bavaria, home of the annual Oktoberfest beer bash, consumption fell 5.7 percent last year, according to Agriculture Ministry data.

Germans recently surrendered world leadership to the Czechs in the category of highest beer consumption per capita. (AP)

#### Initial Deadline For Ulster Passes

BELFAST — The original deadline for a power-sharing government in Northern Ireland came and went Wednesday as the province's main political rivals continued to blame each other for failing to meet the target.

On Monday, Britain set back until the Easter weekend the deadline for devolution of powers to a Belfast administration. The move gave the parties three more weeks to agree on paramilitary disarmament, the main issue blocking the formation of a government. (AFP)

#### A Greek Plan To Spur Births

ATHENS — The Greek Orthodox Church announced Wednesday a campaign to increase the birth rate among Greek Orthodox families near the Turkish border to confront the Turkish "menace."

The church, which is not separate from the state, requested the state's backing to implement the plan in a letter to Prime Minister Costas Karamanlis. The plan, which would subsidize a family's third child, will initially be available only to families living in northeastern Thrace, where a 100,000-strong community of ethnic Turkish Muslims resides. (AFP)



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## EDITORIALS/OPINION

## Herald INTERNATIONAL Tribune

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## Coddling Milosevic

If the Serbs, by virtue of their heavy armor and their artillery, start to engage in massive assaults upon innocent villagers, that would constitute a violation of the agreement... and that would prompt an attack by NATO forces," said U.S. Defense Secretary William Cohen on March 1. So now we know. It's O.K. for the Serbian dictator Slobodan Milosevic to violate the agreement he signed with NATO just a few months ago. It's O.K. for his Serbian troops and police to engage in assaults upon innocent villagers, as they have been doing systematically for the past several weeks, and to send thousands more fleeing into the cold mountains. It's just not O.K. for those assaults to be "massive," however NATO chooses to define that term.

That Mr. Milosevic is out of compliance in Kosovo is beyond question. In the October agreement negotiated by special U.S. envoy Richard Holbrooke, Mr. Milosevic promised to free civilian prisoners, allow access to war crimes investigators, limit the number of troops and weapons in Kosovo and keep those confined to certain roads and areas. He is in violation of every single promise. More to the point, his troops once again are roaming freely through the countryside, using their heavy guns to shell villages, destroy homes and kill people.

Yet U.S. diplomacy has been directed primarily at the ethnic Albanians who comprise 90 percent of Kosovo's population and were not parties to the October agreement. If

they would just sign on to a proposed peace deal, U.S. diplomats keep telling them, then NATO could begin pressing Mr. Milosevic in earnest. Well, of course they should sign on. But, given the impunity with which Serbian forces have trashed the earlier NATO pact, it is not surprising if the Kosovo Liberation Army hesitates to give up its weapons, as U.S. officials are demanding.

Now Mr. Holbrooke has returned to Belgrade for more talks with Mr. Milosevic. Since U.S. and European officials have all but assured the dictator that he no longer need fear a bombing campaign, there is reason to worry that Mr. Holbrooke offers rewards instead — assurances of immunity from war crimes prosecution for what has taken place in Kosovo so far, a lifting of economic sanctions, perhaps an increase in the already too high number of troops Mr. Milosevic would be permitted to station in Kosovo.

In the end, pressure on the Kosovars coupled with inducements to Mr. Milosevic may produce a temporary agreement. It might even allow NATO leaders to assemble in Washington next month, as planned, to congratulate themselves on NATO's 50th anniversary. But if the agreement does not require Serbian forces to cease their campaign of terror and withdraw fully from Kosovo, it will not last long. And for NATO the first 50 years might also be the last, at least as a credible organization.

—THE WASHINGTON POST.

## An Obligation to Italy

To many Americans, and probably most Europeans, the acquittal of Captain Richard Ashby by a military jury may seem a miscarriage of justice. Twenty innocent tourists died last year in the Italian Alps when his low-flying Marine Corps jet severed the cable of their ski gondola in the Italian mountains. But the evidence presented at his court-martial showed that many others in the Marine Corps chain of command shared the blame. That gave the jury reason not to hold him criminally responsible.

Captain Ashby and his crew were allowed to fly with unclear flight plans, out-of-date maps that did not show the cable line, faulty radar altimeters and poor communications with Air Force officers permanently assigned to the base at Aviano, Italy, where he and his crew were training. He may well have been flying his plane too low, too fast and in the wrong place, but the responsibility for those mistakes was not his alone.

That blurring of individual accountability in no way diminishes the re-

sponsibility of the U.S. military. Washington must generously compensate the victims' families. The Pentagon must also make sure that other pilots do not misinterpret the Ashby verdict as a license for the kind of indifference to safety rules portrayed in the trial testimony.

The United States has repaid Italy for the \$60,000 in compensation that Rome gave to each victim's family and has added a further \$5,000 each for transportation and burial costs. America has also agreed to pay up to 75 percent of any further civil compensation later awarded by Italian courts for wrongful death. But such court judgments could take many years, and some of the victims' families have lost their main wage-earners and are in immediate need. President Bill Clinton rightly declared last week that America would "unambiguously shoulder the responsibility for what happened." He should live up to those words by offering substantially increased compensation without delay.

—THE NEW YORK TIMES.

## Yips, Toots, Bubbles

You are walking across a parking lot one day, minding your own business, when suddenly a parked car honks at you for no apparent reason. A minute or two later, another auto gives a couple of electronic chirps, and then a third sounds a quick burst from a siren, while a three-and-a-half-ton sport utility vehicle trumpets a measure or two from "The Ride of the Valkyries." If none of this startles you, congratulations: You have adjusted successfully to the new age of annoying noises. For our part, we have a way to go yet.

The disconcerting yips and toots coming from unoccupied motor vehicles are, of course, meant as reassurance to drivers who, for some reason, prefer to lock their cars by remote control as they walk toward the mall. But after several years we still have not got used to them. For many people, it is even harder adjusting to the electronic sounds of the telephone. Once, all phones simply rang; there was no confusing their sound with that of anything else in the house. Now they emit a wide variety of beeps and bumbles that are virtually indistinguishable from those you might hear on television — a source of great agitation as you sit there wondering whether the phone is sounding in Seinfeld's apartment or yours.

Of course, the noise could be coming from your microwave oven, too, or the electric iron. The carbon monoxide detector that goes off at regular intervals for no reason at all, the alarm clock, the doorbell, the security system, the timer — or from something unknown and ominous embedded in the very infrastructure of your home. There is

## Other Comment

## Bringing Iraqis Together

From testimony in Washington on Tuesday by Beth Jones, principal deputy assistant secretary of state for Near Eastern affairs, before the Senate Foreign Relations Committee:

I actually believe that we are being very aggressive on the political side [with a view to removal of the Iraqi regime]. We are in very close touch with our colleagues in the Gulf and in Turkey. They tell us that they are completely with us in the way that this is being pursued. I can't tell you by what date a change may take place, but we are very encouraged.

It's a tremendous amount of talking, cajoling, meetings, traveling around to make sure we get the right people in the meetings, bringing Iraqis together who have not talked to each other for quite a long time, bringing Iraqis together who haven't worked together.

—The Washington Post.

## Now Stand Up to Beijing in the South China Sea

By Robyn Lim

TOKYO — China is using military muscle to extend its presence in the disputed Spratly Islands in the South China Sea. Japan and the United States should adopt a more robust policy of opposition to Chinese expansionism.

The Chinese armed forces seized Mischief Reef in the Spratlys in 1995. Since then there have been repeated diplomatic clashes between China and the Philippines, which also claims the reef. It is well within the Philippine 200 nautical mile exclusive economic zone, but a long way from China.

The Chinese military recently finished building a wharf, four-story permanent structures, a helipad, gun emplacements and radar facilities on the reef. Although Manila warns that they could be the nucleus of a naval base, Beijing continues to claim that they are simply shelters for Chinese fishermen.

About 70 percent of Japan's oil passes through Mischief Reef and the Philippine island of Palawan. Yet China tries to deny that Japan is entitled to any interests in the South China Sea, because of Tokyo's record of aggression against other Asian nations before and during World War II.

It is time for Japan to become less

coy about asserting its interests in maritime passage through the South China Sea. The way to deal with Beijing is vigorously to pursue Japanese interests, in the same way the Chinese pursue theirs. Knowingly to China's growing assertiveness will only encourage more brazen behavior.

In 1996, China pulled back from its probes toward the Diaoyu/Senkaku islands in the East China Sea, whose ownership is disputed between China and Japan. That was largely because Beijing struck the bedrock of the U.S.-Japanese alliance. Tokyo stood firm on its sovereignty rights.

Still, China is skilled at playing a weak hand, believing that time is on its side. In the South China Sea, Beijing's navy is no match for the U.S. fleet, let alone the combined maritime power of America and Japan. But China enjoys the advantages of proximity, and its maritime reach is growing.

So far, China's tactics of intimidation and divide-and-rule have worked. The Philippines, Malaysia, Vietnam and Brunei, which are members of the

Association of South East Asian Nations, have conflicting territorial claims in the Spratlys. They are unable to combine in defense of their interests.

ASEAN's cohesion has been undermined by fallout from the economic crisis in the region, which has slowed the upgrading of armed forces. Indonesia, formerly a bulwark against Chinese strategic pressure in the South China Sea, is now weakened and distracted by serious domestic difficulties.

In response to the latest Chinese provocation in the South China Sea, the United States has simply called on all sides to show restraint. Washington is rightly worried that the Philippines is trying to embroil America in its territorial claims in the Spratlys. But the Clinton administration also harbors naive hopes that if it does not criticize China for building bases on territory that it does not own, China might be helpful in defusing the North Korean issue, which Washington regards as the most serious security threat in the Asia-Pacific region.

The United States says it has no interest in who owns the Spratlys, which encompass some valuable oil, gas and marine resources. But Wash-

ington does have a vital interest in maintaining free passage through the South China Sea, both on its own account as a naval power and because of its responsibilities for the maritime security of its Northeast Asian allies, Japan and South Korea.

Washington should offer the Philippines surplus military aircraft and ships so that Manila can rebuild its decrepit armed forces. In return, the Philippine Senate should pass a Visiting Forces Agreement that would allow the United States to exercise with Philippine forces. And the United States should call on China to dismantle its military facilities on Mischief Reef.

Such moves would encourage others to resist Beijing's advance through the South China Sea. It might sharpen tension between China on the one side and the United States and Japan on the other. But it would do much to draw attention to the fact that China, not Japan, is the main security problem for East Asia, apart from North Korea.

The writer, professor of international relations at Hiroshima Shudo University, contributed this comment to the International Herald Tribune.

## It's Time to Reassess the Nuclear Threat From a Militant China

By Richard Lugar

WASHINGTON — Congress and the American public have been confronted with revelations that the Chinese stole important nuclear secrets from U.S. nuclear weapons laboratories in the mid-1980s. They may have obtained highly classified information that greatly assisted their development of warheads small enough to be launched accurately from a single missile at multiple targets.

This could well be one of the most serious security breaches in America's history. Representatives Christopher Cox and Norm Dicks have tried the subject open through a bipartisan select House committee report.

Presumably there will now be some accounting through the judicial system. The Clinton administration's handling of the discovery of this espionage also will be examined.

But the immediate focus of the president and Congress must be the recognition that the United States may now be at significantly greater risk from a Chinese ballistic missile attack. This recognition must inform the continuing debates about the efficacy of a strategic partnership with China.

We Americans must reassess policies toward technology transfer and weapons proliferation. And if we determine that the Chinese missile threat will expand rapidly, we will have to rethink the premises on which our missile defense strategy is based, too.

In recent years, many of our protests to the Chinese leadership have been directed at missile and other technological transfers to third countries. We now know that our agenda should have paid at least as much attention to what China was doing to develop its own long-range missiles capable of delivering multiple payloads against American targets.

Long before the Chinese prime minister arrives in Washington next month, we had best reach some conclusions on precisely what kind of relationship we should pursue with the Chinese. Decisions regarding how to address China's increasingly aggressive regional and nuclear posture will have to be made calmly but promptly. These decisions will not be easy or inexpensive.

Not espionage cases suggest that the temptation will be strong to do almost everything else but reconsider our national security posture.

Lax security arrangements at our national laboratories have been debated for some time; charges about the theft of nuclear-related secrets go back to the 1980s. The debates about how such thefts translated into Chinese military gains have gone on for many years.

Further complicating matters are the campaign abuses involving China that have been attributed to the White House. Some of those abuses involved extraordinarily bad judgment by the president himself.

For several years Congress has witnessed the stonewalling of attempts to pry loose documents and obtain the testimony of key participants in the scandal. Most Republican members of Congress discount the president's explanations of Chinese campaign contributions, the merits of his administration's licensing practices for dual-use technology transfer to China and even the credibility of his own policy pronouncements vis-à-vis China.

It is imperative that the administration not yield to its impulses to place damage control above all else. We must have an open debate on China, and the development of a policy must be achieved in close consultation with Congress.

The Clinton administration already had dug a very deep hole for itself on Capitol Hill with respect to China. That hole just got wider and deeper. Congressional misunderstanding and distrust grew during the past weekend with succeeding newspaper accounts suggesting that the administration failed to disclose adequately the degree of nuclear peril from the Chinese. It will not be good enough for the administration to ask for congressional understanding on this one; it will have to earn it.

The Cox committee has done an important service; well-researched and timely press accounts have informed the American people. Now it is time for the president to step forward and give the people a "damage assessment" and to display strong and immediate leadership by laying out the remedial measures necessary to restore our faith in the administration's defense policy.

The writer, the ranking Republican on the Foreign Relations Committee of the U.S. Senate, contributed this comment to The Washington Post.

## So the Chilean Socialist Has to Campaign on Wall Street

By David J. Rothkopf

NEW YORK — The candidate came to the voters last week. He was Ricardo Lagos, who is likely to be the next president of Chile. But the voters were not Chilean.

Mr. Lagos, a minister in the last two Chilean governments, was campaigning on Wall Street. A Socialist, he made sure to meet with George Soros, David Rockefeller, Steve Forbes and other members of the American financial elite.

Call it the dual-constituency conundrum — the dilemma faced today by many political leaders who must balance the demands of two diametrically opposed groups.

One is the voters who elect the government in a given country. The other consists of the 30,000 or so traders and fund managers who conduct incessant instant referendums

on the policies made by the world's governments.

A political leader can have broad support at home and run afoul of the men and women who vote with their money. When investors pull their money out, local economies founder, policies are derailed and support at home can erode quickly.

This happens with disconcerting frequency because Wall Street voters are not much interested in the long-term well-being of the countries they judge. What they want to know is whether their money will grow now or in the cycles during which their bonuses are being calculated.

It was Wall Street that drove the IMF to focus on making countries creditworthy and preserving the flow of payments to banks and other creditors. Who

were those creditors? The citizens of Wall Street.

This presents a candidate like Mr. Lagos with a problem. He sees the value of sound fiscal policies, but he is also aware that those policies may not close the gap between rich and poor as quickly as needed and can set back social justice.

This is why many of the poor in countries with emerging markets blame the IMF and Wall Street for economic policies that perpetuate the control of a tightly knit domestic elite. Its members are usually drawn from the ranks of a few powerful families, the inheritors of a postcolonial legacy or a handful of giant corporations.

These jet-setting, English-speaking upper classes have been beneficiaries of globaliza-

tion and the principal clients of the financial community. They are all for market liberalization — until it starts to threaten their interests and the elitist class.

Together, Wall Street and the local oligarchy form a powerful political force. And politicians of every stripe must adjust their campaigns accordingly.

Even Hugo Chávez, the former populist coup leader who was elected president of Venezuela in December, felt compelled to do video linkups with Wall Street honchos during the meeting of the IMF and the World Bank in Washington last fall. Speaking to a domestic audience, he had called for a moratorium on paying foreign debts. But speaking via satellite to Wall Street, he said he would actually be more responsible.

Mr. Chávez recently canceled two trips to New York because he had no concrete, credible economic plan to offer Wall Street. He may have feared that tough questioning from the financial community could lead to further damage to an economy suffering from depressed international oil markets.

In country after country, once it becomes clear that broad segments of the public are frustrated with new economic policies, populists can turn that dissatisfaction to their advantage. Governments are then tagged in two directions and have no easy mechanism for resolving this tension. A backlash against globalization and liberalization is now occurring in Brazil, Russia and Malaysia.

It is clear that opening up markets is not enough for these countries. The new policies must also lead to a more equitable distribution of wealth. Since governments can't do this very well, the market must.

So the stranglehold of elites, on these markets must be broken, and middle classes must be cultivated and educated so that capital is attracted to the quality and not just the price of labor.

The trick is wiring together nations of learners and teachers, as well as we have wired to get a globe of traders. This may mean accepting slightly slower growth now to have steadier and more equitable growth in the long term.

For the leaders of emerging countries, the dual-constituency challenge can be a force for balance. It can lead to greater worldwide prosperity and stability. But it can also cause swings from one extreme to another, leading to isolation, resentment and instability.

A farsighted leader like Ricardo Lagos will try to strike a balance that takes advantage of the opportunities created by this situation. Wall Street "voters" need to realize that it is in their interest to support policies that are both politically and economically sustainable in the countries where they invest.

The writer, a former Commerce Department official in the Clinton administration, is president of an international advisory firm. He contributed this to The New York Times.

## Just Vintage Milosevic in Bosnia

By Anna Husarska

NEW YORK — The arbitration decision on the fate of the Bosnian port town of Breko, coming as it did in between two rounds of negotiations on the fate of the Serbian province of Kosovo, would seem yet another Balkan matter. In fact it is part of the same old Balkan matter: the ongoing confrontation between the international community, which tries to bring peace to the Balkans, and Yugoslav President Slobodan Milosevic, who tries to carve out a Greater Serbia by waging wars in the Balkans.

Mr. Milosevic's project is headed instead toward a Smaller Serbia. But the credibility of the West does not escape unscathed, as one deadly threat after another turns out to be mere finger wagging.

The decision announced on Friday ends Bosnian Serb control of Breko and gives the town the status of condominium, a "district" to be governed by all three Bosnian ethnic groups. This could partly and belatedly compensate for Serb-inflicted ethnic cleansing, and perhaps permit real multiethnicity on the ground.

Postponed twice, in 1997 and 1998, the arbitration decision by the American diplomat Robert Owen will be all the harder to apply because during the last four years Bosnian Serbs have grown accustomed to running the place.

Milorad Dodik, their acting prime minister, threatened of-

ten that if Breko were not awarded to Republika Srpska he would resign. On Friday, after the arbitration decision was made public, he declared that he was resigning.

Also on Friday, the international peace coordinator in Bosnia, the Spanish diplomat Carlos Westendorp, dismissed the Republika Srpska president, Nikola Poplasen, for repeatedly failing to implement the Dayton agreement. This was the culmination of a stalemate over the appointment of a prime minister that has dragged on since the elections last September.

Mr. Poplasen refused to nominate the Western-supported Mr. Dodik for the job, and nobody else had sufficient votes to be confirmed by the Srpska Parliament.

Mr. Poplasen has well-placed friends in Serbia. He is a close ally of Vojislav Seselj, who heads the Radical Party and is a coalition partner of Mr. Milosevic's. No doubt that as he upped the ante in his confrontation with Mr. Dodik, Mr. Poplasen had the approval of his mentors in Belgrade.

This is vintage Milosevic: Create a new problem over the Breko arbitration and induce a power vacuum in Republika Srpska's capital, Banja Luka, so as to distract the international community from an old problem, the Kosovo standoff.

Mr. Poplasen is defying his dismissal by Mr. Westendorp. Mr. Dodik indicates that he will change his mind about resigning once things cool off. The present upshot is dangerous turbulence, with many Bosnian Serb officials threatening to boycott the common multiethnic institutions.

On Friday a Bosnian Serb was killed in a confrontation with the NATO-led stabilization force. Orchestrated and spontaneous demonstrations are likely. But the international community has 32,000 armed troops in Bosnia, and they are supposedly able to control angry crowds.

The arbitration and the sacking of the president were simply necessary if Bosnia is ever going to live up to the multiethnicity prescribed in the Dayton agreement.

Both decisions were necessary, too, as part of the wider confrontation with Mr. Milosevic. If the Kosovo Albanians are to have any faith in the Contact Group's NATO-supported Rambouillet accord, then at least a few elements of the Dayton accord must be implemented, if only to show that sometimes the international community really means it when it threatens Serbs who break their promises.

The writer is a fellow at the Media Studies Center in New York. She contributed this comment to the International Herald Tribune.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1899: Modern Painters

PARIS — It is not easy to classify the painters who opened an exhibition. They might be classed as independents, globalists, symbolists, impressionists, or any other "ists," or even "feminists," if the known names of some of them didn't preclude the idea. One cannot help laughing at M. Pierre Bonnard's "Enfants au Jardin," which look like embryos preserved in spirits; or the reminiscences of Italian pre-Raphaelites of which M. Maurice Denis' "Annunciation" is a caricature; or the landscapes by M. Petitjean Signac, wherein exaggeration is carried to the extreme of dotting the canvas all over with spots of the most improbable colors, producing the effect of a mosaic of Mid-Eastern confetti. One wonders, after seeing the exhibition, whether it is not a wager, or a challenge to good taste and common sense.

## 1924: Radio Polls

NEW YORK — Radio was given a new and important use on a large scale, when the first wireless polls took place. Following a debate broadcasted by station W.J.Z. on prohibition, listeners were requested to voice their opinion. The station received 40,000 telegrams with the vote winning by a majority of 3-1.

## 1949: Benelux Test

THE HAGUE — Premier Dr. Willem Drees warned that the world looks to Benelux as "the test of western European economic co-operation," as he opened a meeting of ministers from the Netherlands, Belgium and Luxembourg to make decisions on an economic union. "There is no real economic union yet," the Prime Minister said. "The great step, the achievement of mutual free trade," still has to be taken.

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## OPINION/LETTERS

## Where Is America's Feel For Its Role in the World?

By Richard Reeves

NEW YORK — "What do you think of the idea of our Peace Corps?" President John Kennedy once asked Prime Minister Jawaharlal Nehru of India. A good plan, Mr. Nehru answered — young Americans can learn a lot from Indian villagers.

The American was not amused; he thought the Indian arrogant. But Mr. Nehru was right, and the arrogance was America's. The major impact of sending tens of thousands of Americans abroad over the past 35 years has been to create an alumni corps that actually has a feel for the world and America's role in far-off places.

Unfortunately, there are not enough of them, and there seem to be fewer each year. I do not mean only Peace Corps volunteers. I mean fewer Americans capable of or interested in seeing the world as others see it, or seeing themselves as others see them.

The U.S. government, businesses and news organizations are sending fewer and fewer people abroad. Some of that is plain and simple economics. Sending people to other countries costs more than hiring locals (or eliminating jobs) now that Americans can more or less run the global, digitally connected economy from Washington and New York.

**The more military and financial power it accumulates, the less judicious and careful it seems to be in using it.**

— or from Moscow, Idaho, or Paris, Virginia, for that matter, America is on a roll. America is losing it.

Those statements may seem contradictory, but I do not think they are. The more power — military and financial — that we Americans accumulate, the less judicious or careful we seem to be in using it.

How do we look to an ordinary Italian? A U.S. Marine Corps jet based on Italian soil flies into a valley on a clear day at 624 miles per hour (about 1,000 kilometers per hour), more than 100 miles per

hour more than its mandated limit, at an altitude of less than 400 feet (about 120 meters), which is 1,600 feet below its flight plan limit, and strikes the cable of a ski gondola that has been strung across the valley for more than 30 years. Twenty people in the cable car, all Europeans, plunge to their deaths.

Is it what used to be called "Blame America First" to be shocked or outraged when the Marines find that the pilot did nothing wrong?

How do we look to an ordinary Scot who works in a factory making cashmere sweaters? The United States is imposing tariffs of more than 100 percent on such products because Europeans are not buying enough American bananas.

You thought Americans did not grow bananas? We don't — at home. But the U.S. government is charging the British and French governments with rigging trade rules to buy bananas from their one-time Caribbean colonies rather than from U.S.-owned companies in Central America. Is this fight necessary?

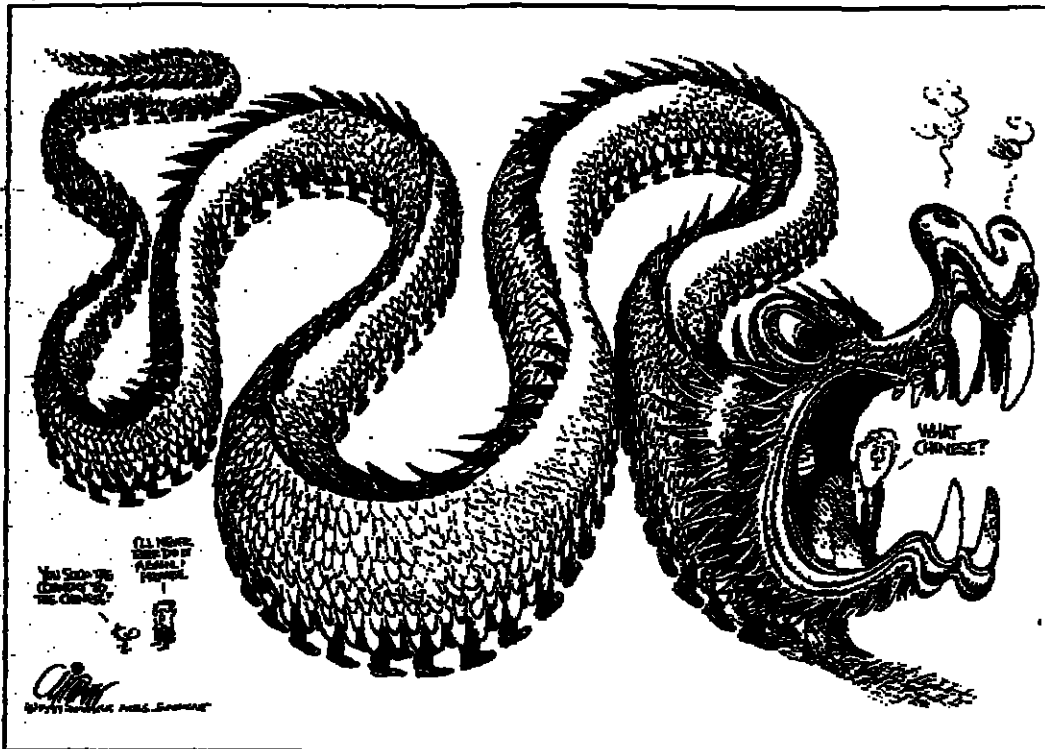
That is to say nothing about how we Americans look to ordinary Iraqis as the bombs fall and the missiles fly day after day, because our planes are flying over their country and, we say, their air defense radars are locking onto those planes. We do not like your leader, we bomb you. What will ordinary Serbs say when Americans and our friends march in as part of our make-peace-or-we'll-kill-you foreign policy?

I am not saying that we are wrong in all or any of these situations. But we are throwing our weight around these days because we have the power, and the ignorance, to do so.

We should not kid our sanctimonious selves, however, that our illusions make what we do right or sensible.

Basically, we are demanding that the world do it our way — or else. If that is what being the "world's only superpower" is going to mean, perhaps we should learn a touch more about the lives of Indian villagers and European factory workers and Italian skiers before we send out the commands that it is their duty to remake themselves in our image.

Universal Press Syndicate.



## LETTERS TO THE EDITOR

## Capital Punishment

When it comes to capital punishment, the United States finds itself in the company of Iraq, Iran, Libya, Syria, North Korea, Cuba, Saudi Arabia — all totalitarian or authoritarian countries. On the other hand, West European democracies long ago abolished the death penalty.

It is time for Americans to realize whose values they share.

MLADEN ANDRIASEVIC.

Beersheba, Israel.

Regarding "A Horror Beyond Bearing, While Once Crowds Came" (Meanwhile, Feb. 26) by Brent Staples:

Mr. Staples suggests a maturing of American society in the fact that lynching, once seen as acceptable, today would be considered barbaric. But following the horrific murder of James Byrd Jr. in Jasper, Texas, further killing has been planned. At least one of the murderers, John William King, is to be put to death. His execution is to take place before a small gathering of observers, probably by lethal injection, a form of poisoning, and probably about eight years from now at current processing rates.

Thus sanctioned killing continues, in colder blood and with the added psychological torture of the condemned counting down the

days to violent death. What progress is this? How long before this, too, is viewed as barbaric?

TOM BOYLE.

Zurich.

## New Evil Empires?

Regarding "Sneakers and Burgers Aren't the Real Enemies" (Opinion, March 6) by Salman Rushdie:

The combination of being in hiding and at the same time exposed to the glare of celebrity must have turned Mr. Rushdie's brain to mush.

Is he really saying that our only choice is between American cultural dominance and the "real tyrants" out there (presumably the ayatollahs)? Is he really accusing those who stress the importance of local customs and indigenous cultures of harboring ideas about Aryan purity? And does he really mean that by wearing baseball caps, drinking Coke and watching Disney, we will strengthen the international community?

WOLFGANG ZUCKERMAN.

Avignon, France.

Regarding "How Much Privacy Do People Really Need? Progress and Problems" (March 4):

The "digital fingerprints" that Microsoft could use to link documents to a given computer and its owner demonstrate how far we

have come from the days when the police lab cornered the culprit by identifying the chipped "e" on his Underwood typewriter. And how far we have come since we assumed that IBM embodied the coming Orwellian evil empire.

BILL GRAHAM.

Reilly, France.

## Enough Said

Regarding "Clinton Should Talk" (Editorial, March 1):

Far from being "in a muddle," the public has no need for presidential confessions; it is Bill Clinton's performance that counts.

One easily understands the need of the press to dredge up any old or inconsequential story (such as Juanita Broadrick's allegation that Mr. Clinton raped her in 1978). But, for as long as the public tolerates them, do-nothing Republicans and know-nothing columnists in Washington would do well to find another ax to grind.

The Whitewater/Monica Lewinsky investigation has been completed. A responsible action at this time would be to recommend the dismantling of the independent prosecutor structure. If Mr. Clinton should talk, Kenneth Starr should walk — and take his merry band of constitution subverters off the public payroll for good.

SEAN DALY.

Paris.

## A Nation Sorely Needed This Designated Hero

By Bob Herbert

NEW YORK — The streak came to an end in mid-July in Cleveland beneath the blazing, bluish lights of Municipal Stadium. The crowd was enormous, 67,468, which at the time was the largest ever to have seen a night baseball game.

Joe DiMaggio came to the plate four times. He grounded sharply to deep third base and was thrown

war, could use a guy like Joe.

DiMaggio carried himself like a hero. A teammate, Vernon "Lefty" Gomez, was quoted by the writer Manny Allen as saying: "He knew what the press and the fans and the kids expected of him, and he was always trying to live up to that image. That's why he couldn't be silly in public like I could, or ever be caught without his shirt buttoned or his shoes shined. He knew he was Joe DiMaggio and he knew what that meant to the country."

DiMaggio's career, which ran from 1936 to 1951, coincided with the creation of the colossus that came to be known as postwar America. He embodied the yearning, the anxieties, the willingness to struggle endlessly, the unwillingness to accept failure, and the ultimate resounding triumphs of the men and women of that era. The great DiMaggio, as a character in Hemingway would call him, became the designated hero of the colossus, the preeminent god of this secular creation myth.

DiMaggio played the role to perfection. He was quiet and kept his defenses up. He never let the real DiMaggio steal a scene from the idealized hero. He stifled himself. He was aloof, private, at times reclusive. He smoked three packs of Camels a day. He had stomach problems. He was human. But when he trotted onto the field or otherwise appeared in public, he was almost perfect.

After he retired he met and married the goddess of the myth. It was a mismatch made in heaven. When the marriage ended after only nine months, DiMaggio was disgraced and never really recovered. And Marilyn Monroe was already lost.

As the '50s became the '60s and the '70s and so on, Joe D. became not the embodiment of the nation's hopes, fears and triumphs, but of its memories. After a while, the memories were only pleasant.

The wind blew hard and brutally cold through the South Bronx on Monday. The flag at Yankee Stadium, snapping in the wind, was lowered to half-staff. The people who stopped by to pay their respects did not have much to say. They knew. The United States needed a hero and Joe DiMaggio was good enough to oblige.

The New York Times.

## BOOKS

## EMPRESS OF THE SPLENDID SEASON

By Oscar Hijuelos. 342 pages. \$25. HarperCollins.

Reviewed by Michiko Kakutani

LIKE so many of Oscar Hijuelos's earlier novels, this is a chronicle of familial love that unfolds in New York over the last five decades. It is another tale of a Cuban family, torn between fading memories of life back home and the glittering promises of the American Dream, between the centripetal powers of kinship and tradition and the centrifugal forces of history and generational change.

But "Empress" is a smaller, more modest book. It is less fecund in its peopling of a fictional world, less ambitious in its orchestration of overlapping stories. Even its language tends to be less expansive, less exuberant than its predecessors.

Because Hijuelos is such a fluent writer, because he writes with such affection for his characters, the novel is not without its rewards, but it remains, in contrast to his earlier books, an oddly attenuated piece of fiction. In fact it often feels like a tired reworking of old material, a musty, paint-by-numbers version of Hijuelos's favorite preoccupations and motifs, brightened with a few splashes of inspiration.

The title character of "Empress" is Lydia Espana, a Cuban émigré who has been a cleaning woman since her husband, Raul, a waiter, began having heart problems. Lydia, who carries herself with the imperious attitude of a young movie starlet, strikes many of her acquaintances as snobbish, self-pitying and pretentious. She likes to think she has more in common with the cultivated people she works for than with her

neighbors, and she imposes a strict code of behavior and dress on her children.

In quick, summary fashion, Hijuelos sketches in Lydia's history and the events that transformed her from "the Empress of the Splendid Season" into "Lydia the Spanish cleaning lady."

Lydia, we are told, was the spoiled daughter of a well-to-do Cuban businessman who kicked her out of the house when he found out about her affair with a middle-aged man. She left Cuba for New York in 1947 and soon found her movie-fueled dreams of America — "where life was all pearl necklaces, fancy mansions, speak-easies, gangsters, cowboys and unbelievably glamorous women or drop-dead handsome men" — dissolving in the fetid gloom of a sweatshop where she worked as an apprentice seamstress.

Cleaning rich people's apartments is something of an improvement, but it is still a demeaning job, and it is portrayed by Hijuelos in flat, generic terms that substitute clumsy symbolism for the mythic resonance of his earlier books. Hijuelos makes broad generalizations about cleaning women and writes about the hardships endured by cleaning women with children — women "who dragged themselves out of bed early in the mornings and, leaving the kids with a neighbor, if they could, worked six days a week and still could never earn enough to make ends meet."

He tries to flesh out Lydia's experience with little vignettes about other cleaning women she knows: one who won the lottery; another who scrimped and saved with her husband to buy a bungalow in the Catskills, only to die of cancer shortly after retiring from her job.

None of these walk-on characters develops into a memorable human being, and the same might be said of Lydia's employers, a motley assortment of rich

people and eccentrics whose lives Lydia vicariously enjoys. Even Osprey, her favorite employer, who helps her son, Rico, remains a strangely fuzzy collection of class stereotypes: a wealthy, aristocratic lawyer who knew President Eisenhower, who liked to travel abroad and who treated his staff with paternalistic affection.

Throughout the novel, the contrast drawn between Osprey's life and Lydia's feels mechanical and pat. His world is filled with "glamour and money, cleanliness and good manners," while hers is defined by what she will never do: "Never buy a piece of property. Never own a first-hand car. Never sit by a late 19th-century French writing desk at the Armory Show, scribbling out checks without a single doubt."

A similar predictability attends Hijuelos's depiction of the generational disputes within the Espana family. Just as a sexually precocious Lydia rebelled against her strict father, so her liberated daughter, Alicia, rebels against her, and just as Lydia grew estranged from her family, so her children drift away from her. This sort of schematic rendering of the schisms in the Espana clan stands in sharp contrast to the highly nuanced dissection of the familial bonds of love, resentment and regret found in the author's earlier novels, and it is qualified only by Hijuelos's sympathetic rendering of the difficulties Rico has leaving his parents' world behind.

Rico's story closes the novel on a persuasive note but does not make up for the perfunctory tone of much of his mother's saga. From another writer, "Empress" might read like a promising work of fiction, filled with hints of better things to come. From the richly talented Hijuelos, who has spoiled his readers until now, it comes as a disappointment.

New York Times Service

## BRIDGE

By Alan Truscott

A TRICKY problem in bidding theory arises when a partnership is maneuvering toward three no-trump and each player has a half-stopper in a suit bid by an opponent. The diagrammed deal, played at Honors Club in Manhattan, is typical. East has opened one heart, and North-South have a holding that combines to make a stopper in that suit.

North and South were Claire Tornay, who collected a bronze medal in the World Women's Team Championship in August, and Paul Morris. There are two schools of thought about responding to an overcall when headed for game. If a suit is not forcing, North must bid two hearts, a cue-bid to show strength but no particular heart holding. If

stopper. So when North temporized with a cue-bid of three hearts, South could bid three no-trump with the expectation that North would retreat to diamonds without the requisite half-stopper. A heart was led, and when dummy played low, East tried the ten. South won with the queen, led a diamond to the ace, and cashed three spade winners ending in the dummy. East gave up a club and a heart. The singleton club was led, and East put in the queen. South won with ace, cashed the king throwing dummy's remaining spade, and reached this ending:

The missing honor strength, with the possible exception of the club jack, was marked with East. So South exited with a heart and made two diamond tricks in the dummy at the finish. Notice

that it would not have helped East to take two heart tricks at the start and lead a third round, for he would still have been trapped in the minor suits. East would have been squeezed down to one club winner, then given the lead in that suit with a similar effect.

Neither side was vulnerable. The bidding:

East: 1♥ West: 2♦ North: 2♠ South: 3NT. Pass.

West led the heart seven.

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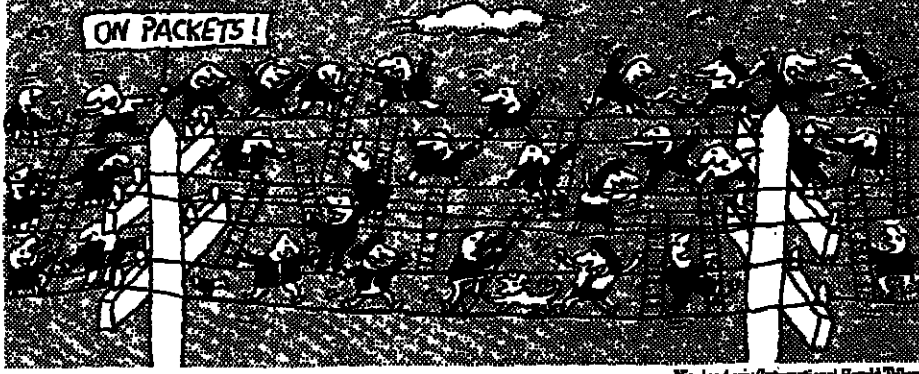
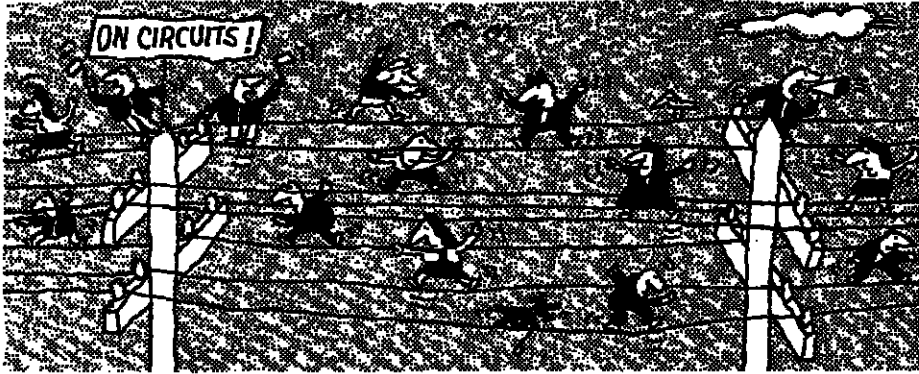
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## TribTech



## On Phone Lines, the Balance Starts to Tilt Toward Data

By Seth Schiesel  
New York Times Service

NEW YORK — Amid last week's typically hectic flow of headlines about the communications industry, perhaps the most significant news of all got lost: Frank Ianna, president of AT&T Corp.'s network unit, announced that by the end of this year, the long-distance giant wanted to stop buying traditional telephone switches for the core of its network.

Granted, Mr. Ianna's pronouncement was not the lapel-grabbing kind of news generated by a multibillion-dollar corporate takeover or the latest hot Internet stock. But it was a seminal moment for the communications industry and, in some ways, for everyone who uses a phone.

As it hails decades of investing in the traditional gear that makes up most of the global phone system, AT&T is retooling its network around a new generation of technologies inspired in part by the Internet. Sprint Corp. and MCI WorldCom Inc., the other long-distance giants, are doing much the same thing. But as the biggest communications company, AT&T wields a proportionately larger influence in the market and with technology suppliers.

So Tuesday's announcement was perhaps the definitive sign that, at least in the long-distance business, the aging and increasingly crowded phone network would be rejuvenated with newer, more efficient technologies.

For consumers, this evolution could lead to lower prices. And in the future, as the new technologies expand from the core of the network to homes and businesses, consumers could also benefit from new sorts of features and services.

"As the functionality moves closer and closer to the customer, the bottom line for the consumer is that clearly we will drive the economics down," said Neil Grenfell, an

engineering vice president at Sprint. "This can also help give the customer more and more control and more and more integration."

This might mean, for instance, that a tourist or business traveler who wanted to stay in touch could simply unplug the handset from the home or office telephone and plug it into the base of any other telephone. The network would recognize that the person had moved around the block or across the country, and calls to the original number would ring in the new location.

Services such as that are years away and would require phone companies to invest billions of dollars on top of the current spending by long-distance carriers. And, of course, it would require consumers to buy "intelligent" phones.

The reason the new advanced networks being planned by AT&T and others are new and advanced is that they change the way networks behave at their most basic level.

Since the invention of the telephone, almost every civilian communications network has been based on the concept of circuits.

If a network is a multilane highway, then a system based on circuits, known as a circuit-switched network, paints the lane lines of that highway solid: Each conversation has its own lane, or circuit. If two people are on the phone with each other and neither of them is speaking, they still use the entire circuit just as if they are screaming. The standard voice circuit sends and receives 64,000 bits of information a second.

THE MAIN advantages of circuit switching are that it is reliable and relatively simple to carry out. The main disadvantage is that it is extremely inefficient to keep an entire lane open for every phone call, regardless of how much data — in this case, conversation — it is carrying.

The alternative that is being embraced by AT&T and the others is a sort of mass-transit

alternative called packet switching. On a packet highway, the lane lines are dashed. Rather than consuming an entire lane, each conversation gets broken up into millions of small pieces, or packets, that are then mixed up with other conversations only to be reassembled into intelligible communications at the other end.

The main advantage of packet switching, the technology used by the Internet to move massive amounts of data around the globe, is that it is extremely efficient. A conversation that takes up 64,000 bits a second on a circuit-switched network might take up only a quarter of that, or 16,000 bits a second, on a packet-switched system. That can allow carriers to lower their costs and, potentially, the prices they charge consumers.

THE PROBLEM is that sorting out all those packets and routing them to the right place requires ingenuity, especially when the packets are carrying conversations. A few extra seconds when loading a Web page may not mean much, but consumers expect their phone calls to be perfect representations of what they are saying — with no delays or distortion.

The means for making packet-based systems robust enough to carry millions of phone calls has just emerged over the past year or so from companies including Ascend Communications Inc. — which has agreed to be acquired by Lucent Technologies Inc. — Cisco Systems Inc. and others.

Packet-based, however, does not necessarily mean the Internet version, known as Internet protocol. The main technology that AT&T and many other long-distance carriers are looking toward is called asynchronous transfer mode.

In the jargon of the communications industry, that mode, known as ATM, uses "cells" rather than packets. That is because, while the data packets generated by Internet protocol vary in length, the data cells in an

ATM system are always the same size, generally 53 bytes. That uniformity can be a powerful advantage because it allows ATM to carry co-mingled voice, video and data traffic without sacrificing much efficiency.

Also, while Internet protocol often ships each packet of information to its destination by a different path, ATM sets up so-called virtual circuits, which help ensure that a transmission of Hamlet's soliloquy begins with "To be" instead of "Be to" or "Eb ot."

SPRINT IS basing its network of the future largely on ATM switches made by NEC Corp. of Japan, though Sprint is also working with Cisco. AT&T is using Ascend's ATM equipment. MCI WorldCom has asked vendors to submit proposals for ATM switches but has not yet made a decision.

One of the raging debates in the communications industry is whether ATM is necessary at all or whether Internet protocol is reliable enough to form the underlying network language instead. For now, most of the big carriers are wary of Internet protocol, partly because not all of the work has yet been done to add advanced features such as Caller ID and call-waiting to Internet-based systems.

"Think about the software you need to do call-waiting in the circuit world," Mr. Ianna said. "Think about the software and the intelligence you need to replicate that in the IP world. It's nontrivial. There is a lot of router work that needs to be done, and it's not there yet."

The last time AT&T revamped its network so thoroughly was about 10 years ago, when it upgraded its long-distance network from copper wires to optical fiber. About 20 years ago, the company upgraded its circuit switches from analog to digital.

"This is the next-generation architecture," Mr. Ianna said. "If analog was the first generation and digital switching was the second and digital transmission was the third, this is the fourth. It is significant."

ALT/Commentary

## The Calculator That Won't Die

Despite Split, Hewlett-Packard Plans to Keep Its Venerable 12C

By Edward Wyatt  
New York Times Service

NEW YORK — Hewlett-Packard Co.'s plan for splitting in two, announced last week, shook up Silicon Valley, home of the iconic garage where the company started.

But no less unsettled were legions of business-school graduates who were left wondering how the spin-off would affect their beloved H-P 12Cs.

The 12C, a calculator that is one of the company's best-selling products ever, is as indispensable to the business graduate as a pocket knife is to a Boy Scout.

Years after their finance classes, many holders of MBA degrees still carry their 12Cs, ready at any moment to calculate the net present value of the remaining payments on their homes or to convert dollars to euros to see how much their companions owe them for those bottles of Chateau d'Yquem.

Stephanie Dismore, a spokeswoman for Hewlett-Packard, says 12C fans can relax. The calculator operations will remain part of the old Hewlett-Packard rather than going into the yet-to-be-named spin-off and therefore will still carry the H-P name.

Although the company's retail calculator business is barely big enough to be a quarterly rounding error, Ms. Dismore swears that Hewlett-Packard will continue to produce the 12C as long as financiers, students and others buy it.

But like many contrivances embraced by this group, such as program trading and derivatives, the 12C is not always practical in the real world. To begin with, it has no "equals" sign.

WITH MOST calculators, if you want to add 2 and 2, you enter 2 + 2 =. Not with the 12C, which demands 2 [enter] 2 (+).

Despite its quirks and nearly two decades of calculative innovations, the 12C, introduced in 1981, has a remarkably loyal following. To David Hicks, curator of the Museum of HP Calculators, a cyberspace salon containing history and arcana, the 12C is "the calculator that wouldn't die."

The 12C "has become part of the well-dressed business uniform," said Mr. Hicks, an engineer for Intel Corp. who is based in Hillsboro, Oregon, and whose museum, found at [www.hpmuseum.org](http://www.hpmuseum.org), is not affiliated with Hewlett-Packard.

But not everyone agrees. "Actually, only the guys over 40 still use the 12C," said Chris Horgan, who got his master's of business administration degree from the University of Chicago in 1995. "Everyone going to business school now uses the 1981B," a more advanced H-P model.

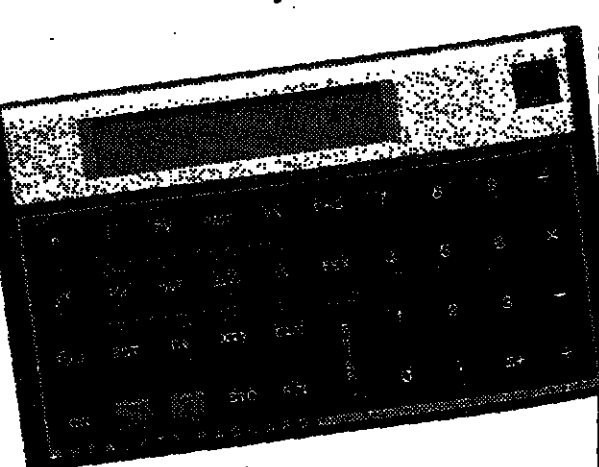
A generation gap is also seen at the Harvard Co-op bookstore. Jay Chrepta, a spokesman for the Harvard Business School, said MBA students generally opted for more advanced models while the older participants in the executive education program bought the 12C.

But the 12C, at a list price of \$69.95, costs only about half as much as a 1981B. So what if it has 120 built-in functions while the 1981B has 450? And who cares if the 12C is now made in Malaysia instead of Palo Alto, California?

Actually, Benjie Garcia cares. A 12C fanatic, Mr. Garcia posted a note on the calculator museum's Web site complaining that the Malaysian 12C's keys were slightly off-color and mushy, compared with those on the older kind.

Mr. Garcia's verdict: "Of course the calculator still works the same as would any older 12C, but as a collector and fan of the HP 12C, this is not tolerable!"

Hewlett-Packard has yet to add what could be a useful function: a homeing device. Mr. Hicks said he recently got a call from the lost-and-found department at O'Hare International Airport in Chicago offering him a collection of 400 12Cs left behind by travelers.



One of the much-loved 12Cs of Hewlett-Packard.

## Cheaper Internet Access Still Faces Many Obstacles in Europe

By Bruno Giussani  
New York Times Service

GENEVA — How long will it be before Internet access in Europe becomes free? As recently as last autumn, the question would have been discarded as more Internet hyperbole. But across the Continent, Internet service providers are exploring business models that do not rely on charging monthly fees. Instead, they cover costs by sharing the local-call revenue with telecommunications operators.

Still, totally free access faces a major hurdle. Local phone calls in Europe, including all Internet dial-up calls, are charged by the minute and are expensive, at as much as \$4 an hour. Add the usual Internet access fee of \$15 to \$30, and the monthly bill for an average user (five hours a week) can top \$100.

Cost is the barrier most often cited to the spread of the Internet in Europe. In several countries, including France, Switzerland, Belgium, the Czech Republic, Germany, Italy and Britain, groups of users have staged strikes and other initiatives asking for un-metered, flat-fee local phone service to bring down the cost of using the Internet. They have had limited success.

In a recent study by Jupiter Communications in Germany, France and Britain, consumers were asked whether they were likely to go online: 11 percent answered yes. But the figure increased to 40 percent if the question presumed the dropping of local phone charges.

Still, Europeans may have to wait a while to get free local calls. Phil Dwyer, the director of Jupiter's European operations, said, referring to Internet service providers: "In Europe, generalized free ISP services are closer to reality than free phone calls."

Five months ago, Dixons Group PLC, Britain's largest computer and consumer-electronics retailer, started a free ISP. Called Freeserve, the service has since signed up an astonishing 1.35 million users.

The model has been duplicated by dozens of European companies, including Tesco PLC and Virgin Group of Britain. Tiscali of Italy, Econophone, Sunrise and Span of Switzerland, and many others, markedly raising Internet usage across the Continent.

However, unlike their American counterparts Freeserve and most of the other European services get their primary revenue by sharing local-access charges with the telecom operator. The scheme is simple. Freeserve has teamed up with Energis, a British operator of

voice and data networks. When a call is placed to one of Freeserve's access points on the Energis network, the user is charged the local call fee by the operator (usually British Telecommunications PLC), which then pays part of that sum to Energis for putting through or terminating the call.

THANKS TO this interconnection fee, the small Italian telecom operator Tiscali will get about two-thirds of what users pay to Telecom Italia for the local call when they dial in to Tiscali's Freenet service. Renato Soru, founder and chief executive of Tiscali, said, "For the first time it will be possible to connect to the Internet at local-call charges from anywhere in Italy."

Others companies, such as Econophone and Sunrise in Switzerland, are using Internet access as a marketing scheme for luring customers toward their services: Only by signing up with the operator does one get Internet access through in.

Will it last? Mr. Dwyer predicts that a new model of Internet access will emerge in which the consumer does not pay for access or phone use or pays a small, fixed amount. Alongside that, he says, higher-value providers will emerge that offer better, faster access and

additional services. The one service everybody is already providing, of course, is a tech-support phone line, for which users of Freeserve are charged a hefty \$1.60 a minute.

But the ability to offer community and information resources and electronic-commerce channels will be critical — as will a reliable service. Freeserve is starting to suffer from its own success, with users increasingly complaining of low access speed and busy lines at peak times.

Additional obstacles still could come. Of tel, the watchdog for the British telecommunications industry, ruled Wednesday that no immediate changes were needed to the way British Telecom and other phone companies shared revenue from Internet calls. Bloomberg News reported, in a decision that for now safeguards the revenue source of services such as Freeserve.

But Of tel said it would allow changes to the calculation formula to account for increased costs "if analysis of data demonstrates this to be justified."

British Telecom and other operators had complained that the huge volume of calls was clogging their networks and asked for a redistribution of the interconnection fees.

## BRIEFLY



Natalia Toro preparing to receive her science award.

**YOUTH SWEEPS CONTEST:** Natalia Toro, a 14-year-old senior at Fairview High School in Boulder, Colorado, was the youngest of 40 finalists in the 1999 Intel Science Talent Search. But talent rather than age determined the outcome.

On Monday night, Ms. Toro won a \$30,000 scholarship, the top prize in the contest, the oldest and most prestigious U.S. science competition for high school seniors.

Sometimes referred to as the Junior Nobel Prize, the

contest, with \$330,000 in prizes, has been sponsored by Intel Corp., the computer chipmaker, since last year.

Ms. Toro said that even her parents could not keep up with her when she talked about her winning project, a study of the oscillations of neutrinos that may have a significant impact on high-energy physics. (NYT)

**Y2K BUG AFFECTS THE HEAVENS:** Japan's government-run space development agency will suspend experiments aboard two unmanned satellites by late November because of glitches related to the Y2K computer problem, officials said.

Japan successfully linked a pair of satellites twice last summer, the first-ever such outer space maneuver conducted by remote control from Earth.

Yoichi Fujita, spokesman of the National Space Development Agency, said the agency has yet to address the Y2K problem as it relates to control computers on the ground, although the two orbiting satellites are free from the millennium bug. (AP)

**TAKING DOWN DOMAIN NAMES:** Companies wanting to compete with Network Solutions Inc. and its current monopoly in the lucrative business of registering Internet domain names can begin applying for consideration on Monday.

Criteria for registration were approved last week in

Singapore by the new non-profit corporation appointed by the White House to take over administration of the Internet from the U.S. government and to introduce competition into the system of assigning the Internet ad-

resses, known as domains. The initial accreditation guidelines called for applicants to have \$100,000 in capital, \$500,000 in liability insurance, a proven computer infrastructure and at least five employees. (NYT)

## CROSSWORD

## ACROSS

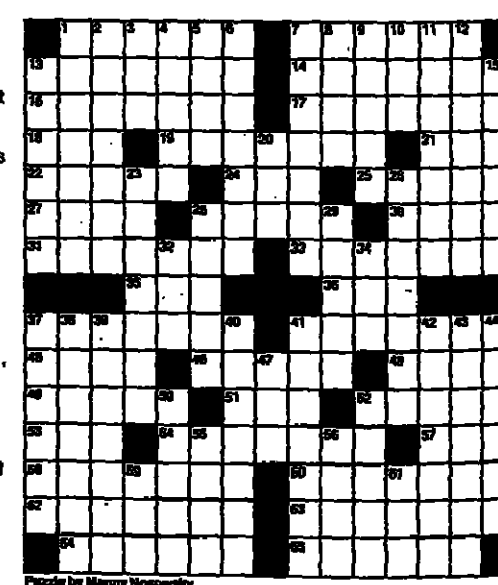
- 1 Coffee get-together
- 7 V.I.P.'s
- 13 Low-fat meat
- 14 Stumped
- 16 Relaxing
- 17 Affectedly dainty
- 18 Photo
- 19 It's supposed around the head
- 21 Predatory fish
- 22 Hotly
- 24 Tchaikovsky's Symphony No. 5 — minor
- 25 Outpouring
- 27 Communist hunting grp. of the 50's
- 28 Setup
- 30 Shirts
- 31 First call, perhaps
- 33 Zingers
- 36 Suffix with acetyl
- 38 SSS for old age
- 39 Gambling game
- 41 Some
- 42 W.W. II org.
- 43 Not give
- 44 Top parts of suits
- 45 In the right direction
- 51 Business magazine

## Solution to Puzzle of March 10.

BOAR ABJAS JOSH  
ABLE FRANK ALIST  
HITELWOTHEBELT  
STOOD SLIVER GOR  
RISE MIR  
DOWNFOOTHECOUNT  
ERA YOUNG ABNER  
LAGE FRANK ABNER  
SCENT DATES BSAI  
THROWINTHETOWEL  
DOWN PEN  
SSS ODERO ALIAS  
HOPEFORAREMATCH  
ALAS OTTER MOTO  
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## DOWN

- 1 Unwelcome sign?
- 2 Cigarette ad claim
- 3 Back on board
- 4 It's pulled at a carnival
- 5 This, for example
- 6 Stroke of excellence
- 7 Most people look out for it
- 8 Samson capital
- 9 Marle's hand
- 10 Stock page heading: Abbr.
- 11 Fighting force
- 12 Forum participant
- 13 Savings for the sick
- 15 Way out
- 16 Modern means of identification
- 18 It "is nothing but perception," wrote Plato
- 20 Tropical toppers
- 21 "It's all"
- 22 "The Sacred Wood" writer
- 23 Old Eng. title
- 24 Letters on seconds
- 27 Sounds in archery
- 28 Spendthrift
- 29 Diner sign
- 40 Pitcher's triumph
- 41 Web hour
- 42 Like an amazing return on an investment
- 43 Type in again
- 44 Features of The New York Review of Books
- 47 Switch positions
- 50 Make a case
- 52 They're guarded in competition
- 55 Italian art patron
- 56 Christian inscription
- 58 Negative side
- 61 Criminal patterns, for short



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سكنا من الأمل



## Who's dot-comming the world?

Today, it's ".com" this, ".com" that.

You're more than a little familiar with .com.

But how about the company behind it? At

Sun, we've been taking companies

into the Network Age for

the better part of 16

years. Everything we

make, everything we

do (and everything

we've always done) is

about network computing.

And that's what dot-comming is all about.

Our computer systems, technologies and serv-

ices enable companies to get to the Net, and .com

their business processes. From ISPs like UUNET

and EarthLink to entertainment companies like

Sony. From e-commerce businesses like Music

Boulevard to portals like Excite. And with our

Java™ technologies, we're extending the Net —

all the way to consumer devices. By dot-comming

everything from smart cards to cell phones to

home appliances, we're ushering

in a whole new world

of interaction.

# .com

With our technologies

behind them, hundreds of com-

panies, some decades-old, some hours-old, are

dot-comming themselves overnight. Reinventing

themselves overnight. We're the dot in .com.

What can we .com for you?

We're the dot in .com.





## INTERNATIONAL

# U.S. Seeks Kosovo Role That Won't Split NATO

By Joseph Fitchett  
International Herald Tribune

LONDON — Sounding cautiously optimistic about a British-backed proposal for direct military teamwork among the European allies, Srobo Talbot, the deputy secretary of state, said Wednesday that Washington was working intensively with governments in Europe to ensure that the Kosovo plan did not damage NATO or undermine the U.S. role in trans-Atlantic security.

Mr. Talbot stressed that the Clinton administration supported the idea of seeing Europe develop a stronger military capability of its own within the framework of the alliance. But he spoke of concerns that Washington wanted to see resolved in the Kosovo initiative to keep it from "going astray" and splitting the Western alliance.

The details, he said, "of decision-making procedures, of command structures, of arrangements for the sharing of assets and planning capabilities" between the North Atlantic Treaty Organization and the allied countries in the European Union are too complex to be worked out before a Washington summit meeting in April marking the Western alliance's 50th anniversary.

But the Washington meeting could

"provide an additional impulse," Mr. Talbot added, for a European force that might act in regional crises with U.S. logistical and intelligence help.

This implied that he expected to see Britain and France, the Kosovo project's sponsors, provide assurances in the coming weeks on the key U.S. points.

It was the most upbeat official U.S. response to the European defense initiative, apparently indicating that the Clinton administration has become convinced of the value of seeing the allies in Europe pool their military assets more closely and tackle small-scale crises involving humanitarian emergencies or even ethnic conflicts.

Washington has long urged Europe to shoulder a greater defense burden more directly, and the Clinton administration seems anxious, a diplomat said, to "avoid nipping something in the bud that looks promising."

It has been reassuring for Washington that Prime Minister Tony Blair has personally backed the Kosovo initiative.

Diplomats said the Clinton administration saw no contradiction between a step that took Britain to the heart of European ambition on defense and the continued special relationship between London and Washington.

Reaffirming that the Clinton administration favored a European defense force, he said in a speech: "We want there to be a capability within the alliance whereby the European members can address and solve problems without always requiring U.S. combat involvement."

U.S. concerns, he said, focused on the risks of seeing the initiative mismanaged in a way that jeopardized NATO by undermining American support for the alliance or alienating NATO allies that were not EU members.

If mismanaged, he said, it "could create the impression, which could eventually lead to the reality, that a new, European-only alliance is being born out of the old, trans-Atlantic one."

Asked about sensitive points in the plan, which situates the new cooperation in Europe inside NATO but includes a call for capabilities independent of the alliance, Mr. Talbot declined to supply specifics but indicated that progress had recently been made on outstanding issues.

The European allies that risk being excluded from the group, including Turkey and Norway as well as the three countries about to join NATO — Poland, the Czech Republic and Hungary — appear to be more concerned to avoid political isolation inside Europe than about any direct military risk, officials at the London conference said.

Other officials added that Washington did not want the European initiative to be interpreted in Congress as an occasion for the United States to lessen its own effort in Europe. Nor, they said, did Washington want a defense plan, involving NATO and the European Union, to give what an official called "backdoor access to the security guarantees of the alliance" to neutral countries in the EU.

## Italy Suggests NATO Review

The Associated Press

ROME — Prime Minister Massimo D'Alema of Italy told the Chamber of Deputies on Wednesday that NATO bases were necessary for national security but that the alliance's agreement would have to be reviewed if no one was punished for the ski-lift cable car tragedy.

The prime minister, who has called Captain Richard Ashby's acquittal last week on 20 counts of involuntary manslaughter "unacceptable," said he expected the officers' superiors to be held responsible.

The Marine EA-6B Prowler jet piloted by Captain Ashby severed a gondola cable in the Alpine town of Cavalese on Feb. 3, 1998, sending 20 Europeans plunging to their deaths. He was on a North Atlantic Treaty Organization training mission that departed from the U.S. base at Aviano, Italy.

"The real problem is not to eliminate the bases, but to better define their roles," the prime minister said. "The bases are important for our security and support our allies."

Captain Ashby still faces another court-martial on obstruction of justice charges in the disappearance of a videotape.

## Iran's Leader, In Italy, Hails 'Democracy'

The Associated Press

ROME — President Mohammed Khatami, the Iranian leader to make a state visit to the West since the Islamic Revolution in 1979, spoke out here Wednesday to praise democracy and dialogue between nations.

Prime Minister Massimo D'Alema, flanked by Mr. Khatami after two hours of private talks, made clear that any opening toward the West must be coupled with respect for human rights and freedom.

The 56-year-old Iranian cleric, considered a moderate for modern-day Iran, responded: "There is an absolute necessity to install democracy and to end all forms of dictatorship."

Mr. Khatami also spoke of the "need to free the world of the perpetuation of violence and terrorism."

"I am quite proud that at the end of the 20th century I have begun a sort of dialogue between civilizations and countries and different people and cultures," he said.

Neither Mr. D'Alema nor Mr. Khatami made any direct reference to human rights problems in Iran. But the Italian indicated that the West would be watching Iran's domestic situation.

"We are looking with interest at the new openness with which Iran is looking at Europe," Mr. D'Alema said.

"For us the respect of human rights and liberties are the irrevocable elements upon which we base dialogue," he said.

"I think that our relationship can grow in a very productive and rich way," the Italian leader added, and stressed that the three-day visit was showing benefits.

Italy and Iran signed a general cooperation accord Wednesday, an accord for mutual promotion and protection of investments, a memorandum of understanding to combat drug trafficking and another to increase scientific and technical cooperation.

The agreements follow closely a \$540 million energy deal signed March 1 by Elf Aquitaine of France and ENI, the state-controlled Italian energy company, with the state-run National Iranian Oil Co.

Despite intense security, eggs were thrown at Mr. Khatami's limousine as he was driven through central Rome.

The police said they had detained five Iranian protesters but had made no arrests for the egg-throwing.

Three Iranians evidently planning a demonstration were detained earlier in a square near central Piazza Venezia.

## KOSOVO: Holbrooke Meets With Milosevic

Continued from Page 1

compromise.

"This is not the endgame, it is a couple of steps before the end," said Bratislav Grubacic, a Belgrade editor. "It will be a transfer of messages, and seeing what are the limits of the other, what can be the bargaining chips," he said of Mr. Holbrooke's meeting with Mr. Milosevic.

Mr. Grubacic suggested that an agreement was still several weeks away.

Mr. Milosevic, meanwhile, was looking for some guarantees from the West, he said, namely that he can stay in power, that he not be pursued by the Hague Tribunal's investigation of war crimes and that he win some lifting of trade sanctions.

Mr. Milosevic also has to listen to an extent to his generals, many of whom want to continue their war against the

guerrillas of the Kosovo Liberation Army and who are violently opposed to the arrival of NATO on Serbian soil.

■ NATO Wants Control

The military commanders of NATO member states are unanimous that any peacekeeping force for Kosovo must be led by NATO and should not involve any "dual-key" arrangement with any other international body, NATO's senior military officer, General Hans Naumann, said Wednesday, Reuters reported from Brussels.

He told a news conference that NATO would have assembled an advance force of 9,000 troops in Macedonia by the weekend, ready to take up vanguard positions in Kosovo as soon as a political agreement was obtained from Belgrade and Kosovo Albanians.

General Naumann was briefing reporters after two days of meetings of

chiefs and 1,714 county heads.

The number of people sentenced for crimes overall rose 30.76 percent to 530,000. The number of executions increased although China did not reveal the numbers. Amnesty International has reported that China executed more than 1,876 people in 1997 and 4,367 in 1996.

The reports by both Mr. Han and Mr. Xiao reflected Communist Party concerns about social unrest. Mr. Han said that priorities this year would be focused on those people engaged in activities

against national safety, a euphemism for democratic activists, as well as economic and violent crimes.

Both reports also stressed that judicial work should be carried out under the leadership of the Communist Party. Western legal scholars, who have worked with China for years, say that only when China begins to remove the party from the courtroom will real legal reform begin.

Still, at the meeting of Henan delegates, China's members of Parliament seemed genuinely moved by the reports.



CAR BOMBED — Explosives experts examining the wreckage of a taxi blown up by a bomb in front of an Istanbul health clinic Wednesday. The attack killed the driver of the taxi and wounded eight other people.

## ASIA: As Demand Falls, Fears Shift From Inflation to Deflation

Continued from Page 1

at Morgan Stanley Dean Witter & Co. in Hong Kong. "Corporate profits decline substantially, and the weakened banking system is a drag on the economy."

In Japan, producer prices fell 4.4 percent in 1998, and the slide is intensifying: in the three months to December, they plunged 10.8 percent. Japanese consumer prices are projected to fall 0.6 percent this year.

"Clearly, the most likely place for a deflationary downdraft to gain momentum is Japan," said Ian Harper, professorial fellow at Melbourne University's business school. "Given the size and importance of the Japanese economy, the possibility of worldwide deflation led by Japan is undeniable and worrying."

Japan is the second-largest economy in the world, after the United States, and accounts for two-thirds of Asia's output of goods and services.

In China, where industry is plagued by stockpiles of unsold goods, retail prices have dropped for the past 14 months.

In Taiwan, East Asia's best-performing economy after China, producer prices fell 10 percent in January, and core consumer prices dropped 1 percent.

"The Taiwan economy is hurtling with deflation," said Guonan Ma, head of Asia-Pacific economic research in the Hong Kong office of the securities firm Salomon Smith Barney Inc.

"Tightening financial conditions, continued sluggish domestic demand and stronger overseas deflationary forces from China, Japan and Latin America could be the main contributing factors."

South Korea's producer price index dropped 4.3 percent in February, against a 15.3 percent rise in the same month last year, while consumer prices rose just 0.2

percent, against a 9.5 percent rise in February 1998.

"Korea will experience price deflation for a number of months," said Rob Subramaniam, an economist in the Seoul office of Lehman Brothers. "It's a reflection of the substantial amount of excess capacity, lack of demand and the strong Korean won, which makes imports cheaper."

Consumer prices in Hong Kong are expected to decline 2.8 percent this year; in Singapore they will probably fall 0.5 percent, say forecasts by J.P. Morgan & Co., the U.S. investment bank.

Other economists expect consumer prices in Singapore to drop as much as 1 percent in 1999, the second successive year of deflation. The official consumer price index declined 0.3 percent in 1998, crimping profits as companies were unable to raise prices.

For some countries in East Asia, such

as Indonesia and Thailand, the fall in inflation is welcome. For others, modest deflation may be tolerable.

Price declines represent real income gains for consumers, said Vicky Wong, an economist in the Hong Kong office of J.P. Morgan. But she cautioned that any spending increase was liable to be outweighed by deteriorating business profits, rising job insecurity and depressed consumer sentiment.

Some of the developing downward pressure on prices in East Asia is benign because it reflects technological advances and deregulation, said Russell Jones, an economist in the Tokyo office of Lehman Brothers.

"But the bulk is malign and a function of demand deficiency," he added. "Anemic demand, business and consumer pessimism, and financial stress could feed off each other and encourage much steeper declines in the price level."

## Balloon Team Sets Course Across Pacific

The Associated Press

GENEVA — The Swiss-British balloon team aiming to be the first to circle the world nonstop cleared a major hurdle Wednesday by crossing China and heading out over the Pacific toward North America, the team's Geneva control center said.

By late Wednesday, Bertrand Picard of Switzerland and Brian Jones of Britain had passed over Taiwan and were setting out across the ocean.

The Breitling-Orbiter-3 balloon left Chinese airspace late Wednesday, slightly ahead of expectations. Two hours later it was traveling at 144 kilometers (89 miles) an hour, more

than double its average speed since launch.

A spokesman said the pair saw little of China because of clouds below them as they crossed inside the zone agreed by the Chinese government.

China set strict limits to Breitling-Orbiter's route, and the balloon had to cross south of 26 degrees latitude.

Mr. Picard had to abandon an attempt last year because he failed to receive permission to cross China.

The British balloonists Colin Prescott and Andy Elson ditched in the Pacific last Sunday after having to detour south because they lacked Chinese permission.



U.S. servicemen aboard the carrier Enterprise in the Mediterranean.

NATO chiefs of defense staff and partner countries.

He said that by this weekend NATO would have an advance force of 9,000 troops in Macedonia, ready to take up

positions in Kosovo if a political agreement was obtained from Belgrade and Kosovo Albanians.

The total contingent would probably be around 26,000.

## CHINA: Officials Acknowledge Extent of Crime and Corruption in Judicial System

Continued from Page 1

told a meeting of delegates from Henan Province.

"These reports were real," Li Daomian, the chief judge in Henan, told the same meeting.

"The quality of our judges is just not high enough," Judge Li said. "Most haven't gone to college. He added, 'They look at the court like an iron rice bowl. They put their sons and daughters on the payroll and I can't do anything about it.'"

Among the highlights of the two reports Wednesday were alarming statistics about the growth of crime and corruption last year. The number of judges and staff convicted of abusing power jumped from 1,051 in 1997 to 2,512. Some 1,401 prosecutors and staff were either disciplined or prosecuted as well. More than 4,200 "unqualified" judicial workers were dismissed nationwide.

Prosecutors censured police 70,992 times for detaining people beyond the legal limit.

Investigations were also launched into cases where witnesses or suspects were killed or injured while in the custody of police or prosecutors. The number of verdicts overturned by China's courts jumped five times to 12,045. Cases involving financial mismanagement jumped 400 percent. Cases involving financial fraud doubled.

Prosecutors indicted more than two-thirds of the more than 40,000 officials investigated on corruption charges. More than 5334 million of bribes were involved. Among the biggest cases were three officials equal in rank to provincial governors, 103 provincial department

heads and 1,714 county heads.

The number of people sentenced for crimes overall rose 30.76 percent to 530,000. The number of executions increased although China did not reveal the numbers. Amnesty International has reported that China executed more than 1,876 people in 1997 and 4,367 in 1996.

## SABAH: Vote in Remote State Is a Crucial Test for Mahathir

Continued from Page 1

Kiulu, estimates that the average monthly family income in his district is around 300 ringgit (\$78.95).

With such low income levels, parties often distribute things like water tanks or cooking gas canisters — or cash — in an effort to garner votes.

But perhaps Mr. Mahathir's biggest challenge in Sabah is overcoming the resentment that many Sabahans harbor toward the government. Many residents of the resource-rich state say they feel they are being colonized by Kuala Lumpur, an ironic twist for Mr. Mahathir, who often warns that Malaysia could undergo neocolonialization by the West.

For his part, Mr. Mahathir has made it clear that if he loses in Sabah, federal aid to the state will be curtailed.

"We will only give to the BN government in Sabah," he said last week, referring to his coalition, the Barisan Nasional. "We will not help the op-

position since we do not receive any assistance from them."

The comments angered Joseph Pairin Kitingan, the leader of the state's biggest ethnic group and the main challenger to Mr. Mahathir's coalition. "This state is part of Malaysia," he said Tuesday. "The people are taxpayers."

He added: "You can criticize America for imposing sanctions on Iraq but you should not impose sanctions on one of your own states." The contrast between Mr. Mahathir's and Mr. Pairin's campaign styles is striking.

Mr. Mahathir and other top ministers talk in plain terms of money and development for Sabah.

Mr. Pairin and other members of his party appeal to sentiment and justice for the state. When Mr. Pairin emerges from his car at party rallies, his supporters shout "Unify!" They mean unity for Sabah.

But Mr. Pairin and Mr. Mahathir are not the only ringleaders in an election that has already taken on a circus atmosphere,

with posters and banners crowding almost every intersection here and lining even the most remote rural road.

There is a third major party led by a former chief minister, Harris Salleh, and dozens of other contenders from more obscure parties, not to mention independents. All told, there are 199 candidates for 48 seats.

With no tradition of opinion polls in Malaysia, predicting an election's outcome is often just speculation, especially in Sabah. Perhaps one leg up for Mr. Mahathir's party is the redrawn electoral map, which was completed in 1995.

Sabah now has more Muslim-dominated districts, which going by "peninsular logic" would seem to benefit Mr. Mahathir's Muslim party.

But in a state with 29 ethnic groups and plenty of intermarriage, voters are said to be less driven by racial or religious considerations than on the peninsula.

"A lot of Muslim friends of mine have family members in three different

## BANKS: Wave of Hostile Bids

Continued from Page 1

a statement. They were referring to the date that the Paribas-Societe Generale merger was announced. "This initiative cannot, therefore, be considered as a friendly takeover bid."

Mr. Peberan denied that his company, privatized in 1993, had anything hostile in mind in going straight to stockholders. It is offering 15 shares for seven Societe Generale shares and 11 shares for eight Paribas shares.

"We are not in combat. We will put an offer on the table, and the shareholders of Societe Generale, Paribas and BNP will decide," he said. "We are in a civilized country in a market economy, and it is a normal procedure."

It certainly is normal these days, as mergers in general and hostile offers in particular proliferate in the new Europe. In Italy, Olivetti, a former typewriter-maker and now a cell-phone company, is going all-out to acquire Telecom Italia, the national phone company privatized in 1997.

Although Telecom Italia is five times larger than its predator, Roberto Colaninno, the Olivetti chairman, has been dissuaded neither by a ruling against him by Italy's stock-market regulator — he instead came back with a revised offer — nor by Telecom Italia's elaborate defenses.

Elsewhere on the Continent, LVMH, owner of such prestigious marks as Dior, Givenchy and Louis Vuitton, is suing to have Gucci's takeover-defense plan declared illegal. The suit is taking place in Amsterdam, making this a truly European imbroglio, because Gucci shares are traded on the Amsterdam exchange.

LVMH announced earlier this year that it had quietly been buying Gucci shares on the open market; it has acquired 34.4 percent of the fashion company. When LVMH proposed nominating its own candidate to the Gucci board, Gucci fought back.

Hostile takeover tactics have been commonplace in the United States since the 1980s, when the book "Barbarians at the Gates" chronicled the brutal and costly takeover battle that created RJR Nabisco Holdings Corp., a conglomerate which on Tuesday announced plans to dismantle itself. But in Europe hostile takeovers have been rare.

Custom, culture and convention have generally decreed a more orderly version of capitalism in Western Europe.

Hostile takeovers were "seen as one of the wilder excesses of the Anglo-Saxon capital markets," said Paul Gibbs, a vice president at J.P. Morgan & Co.

He said three reasons were driving European companies to join together: an increase in global competition with the resulting need to become more efficient; the slowdown in Asia and its effect on profits; and the virtual end of inflation in Europe, which forces companies to push hard to raise earnings.

The urge to merge also accounts for the spate of hostile takeover offers: getting bigger and more efficient is so desirable that it is often worth the trouble to force a potential partner into a deal.

The BNP proposal does have an element unlikely to be included in a comparable American takeover battle: The bank is promising that if it wins, it will not engage in "collective layoffs" in France. Layoffs are political anathema here, and must usually be approved in court.

BNP does not rule out layoffs within the bank's international operations.

The bank released columns and columns of figures on the "synergies" and cost savings it would achieve if its plan is accepted by all three groups of stockholders, who will vote sometime in the next few weeks if the proposal is approved by regulators. But it was not clear how "synergies" would be realized.

"Where are the synergies? Where is the efficiency?" asked a source close to Paribas, which with Societe Generale has not ruled out a takeover defense or even a counterattack on BNP. "It's the first time we've ever seen a marriage proposal for three. I don't know if that can go any distance; it seems a bit ridiculous."

■ Question Raised on French Role

Analysts said the takeover bid had thrown into question France's role in future consolidation of the European banking sector and was likely to undergo scrutiny from antitrust authorities in Brussels and in Paris, The Associated Press reported from Paris.

The takeover move also was seen as an attempt to pre-empt a foreign takeover bid for French banks.

"What worries me is that this is a Franco-French solution," said Bruno Budes, a trader with the brokerage house Meeuschaert-Rousselle. "It doesn't add much to the banks' international competitiveness and excludes any foreign bank from getting a big share of the French industry."



parties," said Mr. Valentine, the lawyer. "That's the extent of the confusion."

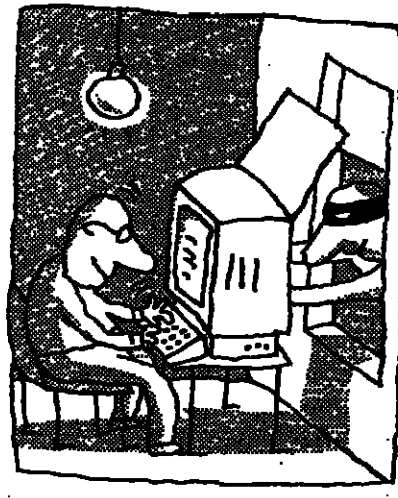
If the final elections are anything to go by, the final make-up of the state legislature might not be known for weeks.

In 1994, Mr. Pairin's party won 25 seats and Mr. Mahathir's coalition 23. But Mr. Pairin's government fell a month later, after party members defected to Mr. Mahathir's side.

مكتبة الأمل



## With the Latest Programs, It's Simple to Become a Hacker



By Michael E. Ruane  
Washington Post Service

WASHINGTON — It used to be that you had to have some know-how to crash a kernel. It would take all night to snoop a connection, smash a stack or crack a password. You could work forever trying to get to root.

Not anymore. Nowadays, any fresh-faced newbie can download a kiddie script, fire off a vulnerability scan and, in no time, come up with a nice, juicy target list.

It's enough to make veteran hackers — the handful of computer wizards who speak a colorful language that once was all their own — break down and cry.

But it's true. Along with the breathtaking advances in computer technology has come a vast proliferation of easy, ready-to-use computer hacking programs, freely available on the Internet, and a boon to greenhorn hackers.

"This is your nephew or your cousin," said Peter Tippett, president of the International Computer Security Association in Reston, Virginia. "It's a kid who says, 'This

seems kind of cool. Let me just take this tool and aim it at Ford Motor Co.'"

They use programs — called "exploits," "tools" or "attacks" — with names like "Smurf," "Teardrop" and "John the Ripper."

Some are so-called denial of service programs, which attack or barge in and overwhelm a targeted system, shutting it down. Others are "vulnerability scanners," which search the Net for a host with specific weaknesses to be exploited later. Still others are "penetration" attacks that break in and take control.

Some attacks use a "Trojan Horse" — benign-looking bait with an exploit concealed inside. Others "spoof," using a bogus ID. Still others lie in wait and spring when an unsuspecting victim visits.

A few are simply "sniff the traffic" on the Internet. There are hundreds of them. So many that some have been given the name kiddie scripts, because of their simplicity of use. Those who launch them are called, of course,



See HACKERS, Page 14

## Daimler Quits Talks With Nissan

Japanese Automaker Discussing Other Tie-Ups

By Stephanie Strom  
New York Times Service

TOKYO — Once again, the future of Japan's second-largest car maker, the Nissan Motor Co., is uncertain. DaimlerChrysler AG announced Wednesday that it was walking away from negotiations with Nissan over a stake in both the troubled automaker and its equally troubled truckmaking affiliate, Nissan Diesel.

"We discussed the options in a very open and in a very cordial atmosphere, but in the end we decided against a stake," said Jurgen Schrempp, the chairman of DaimlerChrysler. "We had to accept that the opportunities a close relationship with Nissan offer are not achievable as quickly and smoothly as initially expected," he said in a brief written statement.

That ended one topic of speculation and debate only to renew another: What will happen to Nissan?

With known debts of more than \$20 billion, declining sales in two of its three major markets, a cost structure high even by Japanese standards and minimal plans for fixing its problems, the outlook for the company is grim.

Nissan had little comment. "It's true, our negotiations about a tie-up with DaimlerChrysler have ended," said Masataka Saito, a Nissan spokesman. "Other negotiations about potential tie-ups are continuing."

Renault, the French car company, said it was continuing talks with Nissan, but those discussions are believed to be far less advanced than those with DaimlerChrysler. Analysts consider a deal between Nissan and Renault a long shot because of Renault's relatively small size and its balance sheet, which, while much improved, still bears a high level of debt.

In Geneva, where automobile executives were attending the annual Geneva automobile show, Daimler's decision surprised almost everyone. Rumors have been flying for weeks that Nissan was close to a deal with Daimler, and the Japanese press has reported on at least one occasion that they two had even reached an agreement.

At the Geneva show, Renault's chairman, Louis Schweitzer, said the company was proceeding with an in-depth study of its options related to Nissan, although he said the hurdles were high. "We have always underlined that it was an opportunity but not an easy one, for reasons linked to the business itself and linked to cultural barriers," he was quoted as saying by Agence France-Presse.

Indeed, those reasons and barriers Mr. Schweitzer alluded to — namely, Nissan's debts and its very traditional Japanese management — are what are believed to have stymied a deal with DaimlerChrysler.

"I'm telling my clients that this deal broke down because it could not get over the hurdles posed by the debt and by the issue of control," said Peter Boardman, an auto analyst at Warburg Dillon Read in Tokyo.

Mr. Boardman does not, however, believe DaimlerChrysler's exit throws Nis-

See DAIMLER, Page 15

## BNP Chief's Reputation Is Built on Turnarounds

By Gregory Viscusi  
Bloomberg News

PARIS — Michel Peberean, the chief executive of Banque Paribas SA, has been turned away from so many parties he finally decided to crash one.

He did not choose just any party. With his \$38 billion hostile bid for Societe Generale SA and Paribas SA, he is attempting to create the world's first \$1 trillion bank in terms of assets. Societe Generale and Paribas were already in the process of combining to create what will be Europe's second biggest bank.

BNP was thwarted in attempts to buy control of Credit Lyonnais SA and CIC SA and was left out when Societe Generale and Paribas agreed to merge last month. In 1995, Mr. Peberean tried unsuccessfully to merge BNP with the Cie de Suez financial group and the UAP insurance company.

All those were friendly attempts, initiated in Parisian boardrooms. Now he has made an all-stock public bid, which Societe Generale and Paribas have said is hostile. The bid values the two banks at about \$19 billion each.

BNP offered 15 of its shares for seven Societe Generale shares, a

value of 165.87 euros (\$180.79) per share, or a premium of 14 percent above the closing price Tuesday. The bank is also offering 11 of its shares for eight Paribas shares. That values Paribas at 106.43 euros, 18 percent above its closing price Tuesday.

Elie Cohen, head of research at the research institute CNRS, said: "In the past he has either bid too low, or other bankers have refused to work under him because he's brilliant, authoritarian, and imposes himself on management. With all these other mergers going on, he felt he had no room left to move. So he decided to go for it."

Mr. Peberean, 57, has developed a reputation as an expert in corporate turnarounds that began when he was chairman at Credit Commercial de France, the sixth-biggest French bank. At BNP, he toughened credit controls, cut costs as a percentage of revenue by 13 percent and kept the bank out of real estate lending.

When he joined BNP as chief executive in 1992, the bank earned 1 billion francs (\$175 million). Profit has since grown every year, reaching 1.1 billion euros in 1998.

Mr. Peberean has focused on retail banking, especially for wealthier clients, and has cut costs, partly by elim-

inating management positions and reorganizing the bank by products rather than geography. Costs that used to eat up 75 percent of revenue are now down to about 65 percent.

"First of all, one must stress that he's done a remarkable job at BNP," Mr. Cohen said.

One reason banks have not wanted to merge with BNP is Mr. Peberean's demanding character, and his tendency to want to do things alone, analysts said.

"He has presented this merger as a one-man vision, without designating who the key people will be behind him," said Robert Boubill of the Paris brokerage Wargny. "That's in contrast with SocGen and Paribas, which from the start presented a full management team."

Mr. Peberean graduated from the Ecole Polytechnique, the premier engineering school in France, and also studied at the Ecole Nationale d'Administration, where the country's top civil servants are trained.

Starting in 1967 as a government auditor, traditionally a stepping stone to the top ranks of French civil servants, he became head of the Paris Club from 1976 to 1978 and chief of staff for Economics Minister Rene

Monory from 1978 to 1980.

He wanted to become Treasury director, but quit government in 1982 because the Socialist government elected the year before was nationalizing French banks and industrial companies. Mr. Peberean, who had also worked as an adviser in the office of then Finance Minister Valery Giscard d'Estaing, is linked to France's center-right political parties.

Just as the Societe Generale chief executive, Daniel Bouton, would do 10 years later, Mr. Peberean made the switch from civil servant to banker. Becoming managing director of Credit Commercial de France, he rose to chairman in 1987 after the bank was sold to the public soon after center-right parties returned to power.

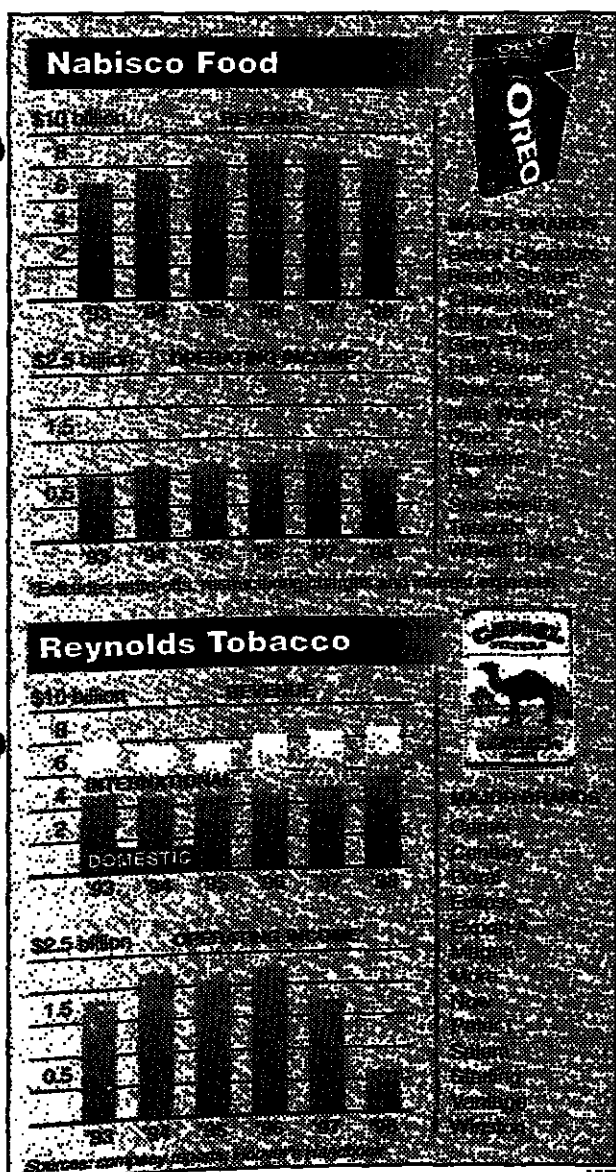
At both CCF and BNP, Mr. Peberean sacrificed size for profitability, cutting down on lending to control risk.

What he failed to do was find a partner for either bank. Instead, over the past year, France's mutual banks bought CIC, the government decided to switch Credit Lyonnais to the public instead of to a single bank and Societe Generale and Paribas announced their deal — all transactions that left BNP looking increasingly isolated and small.



CHINA ON-LINE — Bill Gates announcing a big Internet deal in China. Page 14.

## For Investment Bankers, RJR Nabisco Has Been a Fountain of Fees



Many investors in RJR Nabisco have wanted to see its tobacco and food businesses separated. The spin-off announced Tuesday aims to do just that. Page 18.

By Laura M. Holson  
and James Sternogold  
New York Times Service

NEW YORK — Wall Street has always found creative ways to make money. But probably no other company over the years has done more to enrich the coffers of investment bankers than RJR Nabisco Holdings Corp.

Even back in 1985, when R.J. Reynolds Tobacco Co. first acquired Nabisco Brands for \$4.9 billion — the fourth-largest deal that year — bankers walked away with \$19 million in advisory fees, including Morgan Stanley, Shearson Lehman and Dillon Read.

Not a tiny sum then, and not a tiny sum now. J.P. Morgan & Co. and Goldman, Sachs & Co. earned about \$20 million last year when Exton Corp. bought Mobil Corp. in the largest acquisition ever. (True, the chief executives of Exton and Mobil were the real deal-makers in that transaction.)

The sale and subsequent spin-off of RJR Nabisco's domestic tobacco unit, announced

Tuesday, guarantees bankers fat paychecks for months to come. RJR Nabisco was loath to disclose just how much the company paid Merrill Lynch & Co., Morgan Stanley Dean Witter and the law firm of Davis Polk & Wardwell, who advised them on the \$8 billion sale of the company's international tobacco business. But merger experts say that they, along with Salomon Smith Barney, which advised the buyer, Japan Tobacco, could reap between \$30 million and \$40 million for that transaction alone.

But no deal made bankers as notoriously wealthy as Kohlberg, Kravis, Roberts & Co.'s two-month battle for RJR Nabisco in 1988.

According to Securities and Exchange Commission filings, \$325 million was paid up front to about 200 commercial banks for providing \$14.5 billion in financing for the buyout.

Firms aiding Kohlberg, Kravis in its successful bid were among those to benefit the most.

The now defunct Drexel Burnham Lambert reaped \$227 million. Morgan Stanley and Wasserstein Perella each got \$25 million. Merrill Lynch & Co. got \$109 million for its role in

the financing. And Kohlberg, Kravis itself pocketed \$75 million in fees from its investors.

According to an account in the book "Barbarians at the Gate," the 1989 bestseller that chronicled the RJR battle, Richard Beattie, now chairman of the law firm Simpson, Thacher & Bartlett, even joked about it. "It's wonderful to see all these friends of KKR here tonight," he is reported to have said in front of 400 people at the celebratory dinner Henry Kravis threw in the Pierre Hotel's grand ballroom. "To think it only took a billion dollars in fees to get us all together."

Bankers representing RJR Nabisco also fared well. Dillon Read and Lazard Freres & Co. each earned \$14 million for advising RJR's deal. And there was plenty of more money to be made, especially with later financings and corporate restructuring.

For instance, in 1995, several investment banks, including Goldman Sachs, earned a total of \$46.8 million in underwriting fees in Nabisco Holdings Inc.'s \$1.1 billion stock offering, according to Securities Data Co.

## Investors Say Japan Tobacco Overpaid

By Stephanie Strom  
New York Times Service

TOKYO — Investors, analysts and business people gasped Wednesday at the \$8 billion that Japan Tobacco Inc., the former cigarette monopoly here, is paying for RJR Nabisco Holding Corp.'s international tobacco business.

That price was roughly \$1.5 billion more than RJR had expected to get for the business, and it left many here grumbling that Japanese companies had failed to learn any lessons from their last spending spree, when they were notorious for overpaying for overseas assets such as the golf course at Pebble Beach in California and Rockefeller Center in New York.

Shareholders registered their disapproval of the deal, pushing Japan Tobacco's share price down 4.76 percent to 1 million



Smokers in a Tokyo train station; Japan Tobacco's domestic market is shrinking.

yen (\$823.05) in heavy trading.

"My main concern is the price," said Keiko Sasaki, an analyst at ING Barings in Tokyo. "Even after attending their analysts' meeting today, I'm still not sure whether they can really justify the costs."

She suggested that the purchase was a defensive one, that if one of the world's two tobacco giants — Philip Morris Cos. or British American Tobacco PLC — had bought the RJR business, Japan Tobacco would have faced a grim future. But the purchase still leaves Japan Tobacco a distant third in the global tobacco market, excluding cigarette manufacturers controlled by the Chinese government.

Japan Tobacco's business in Japan has matured, and, given Japan's aging population, the market is likely to shrink in coming years. The company's market share has slipped since the government deregulated the business in 1986, and while it has made inroads into South Korea, Taiwan and other Asian markets, it has had trouble breaking into Western ones. The government still owns 80 percent of the company, although it plans to sell more of its shares this year.

The RJR purchase does bring access to Western Europe, where RJR controls 6 percent of the market; Eastern Europe, where it has a 12 percent share, and Canada, where it has a solid 13 percent of the market. Japan Tobacco has tried to diversify in recent years, moving into pharmaceuticals and other areas, but 98 percent of its revenue still comes from tobacco sales. "Tobacco is clearly Japan Tobacco's core business, and the company has been trying to enter the overseas market and finding it takes a long time to establish brand names and sales and production networks," said Yoko Fujii, a tobacco analyst at Jardine Fleming Securities.

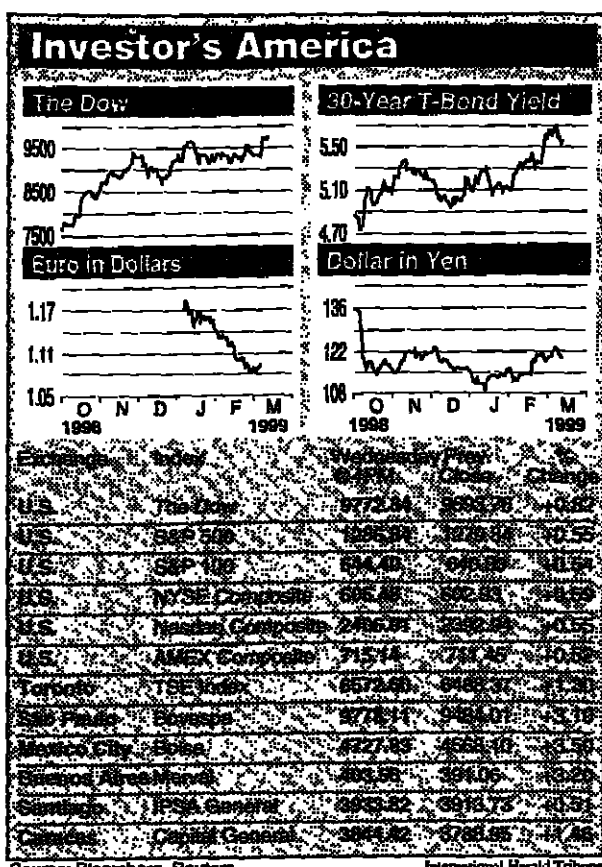
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Internet: www.corum.ch, email: info@corum.ch



## THE AMERICAS



## Very briefly:

- **Brylcre Inc.**, a U.S. catalog retailer, accepted a sweetened \$211 million takeover offer of \$24.50 per share from **Plainsuit-Pratt-Redoute SA**, allowing the French company to accelerate its expansion into the United States.
- **Boeing Co.** has rolled out the first two next-generation 737s. The jets will now be built at the rate of 24 per month, the highest ever for a single commercial airplane model.
- **Thomson Corp.**, publisher of the national *Globe & Mail* newspaper in Canada, posted fourth-quarter profit of \$279 million, up 12 percent from a year ago, lifted by gains in its financial, legal and newspaper units.
- **Brazil's** congress approved a check tax worth 16 billion reais (\$7.4 billion) a year, a key step to ensuring continued aid from the International Monetary Fund.
- **Toys 'R' Us Inc.** said fourth-quarter profit fell 18 percent, to \$310 million, as Christmas shoppers flocked to discount chains such as **Wal-Mart Stores Inc.** rather than the specialty toy retailer.
- **General Motors Corp.** agreed to buy more than \$1 billion in recycled aluminum over 13 years from **Imco Recycling Inc.**, a key step in cutting pollution by making vehicles lighter.

## Dollar Falls As Fears Ebb Of Rate Rise

**NEW YORK** — The dollar fell against the yen and the euro Wednesday on speculation that mild inflation data in the United States would ensure that interest rates remain steady.

"Fear of an imminent rate hike, which had brought short-term buying in the dollar, has been phased out for the time being," said Karl Halligan, chief trader at CIBC Bank New York. Traders buy dollars when they expect a rate rise because higher rates increase returns on dollar deposits.

## FOREIGN EXCHANGE

Traders also said that a rally on the Japanese stock market was helping the yen.

"The perception of the market is that Japanese stocks are recovering and the financial market has stabilized," said Jeff Yu, senior trader at Sanwa Bank. "The flow now seems to be selling dollars and buying yen."

At 4 P.M. in New York, the dollar was at 119.750 yen, down from 121.50 yen Tuesday. The euro rose to \$1.0945 from \$1.0894 and the pound rose to \$1.6265 from \$1.6148. The dollar fell to 145.95 Swiss francs from 146.74 francs.

On Tuesday, Alan Greenspan, the chairman of the Federal Reserve Board, confirmed what economic reports had indicated when he said that there were "no obvious signs" of inflation accelerating, even as the world's largest economy thrives.

Wage growth for February, released Friday, slowed more than analysts had forecast. And a report Tuesday showed that nonfarm productivity increased more than expected in the last quarter of 1998.

(Bloomberg, Bridge News)

## Rebound in Oil Prices Powers Dow to Record

**NEW YORK** — Blue-chip stocks rose to a record Wednesday as a surge in the price of crude oil bolstered shares in oil producers and the companies that supply and service them.

The Dow Jones industrial average rose 79.08 points to an all-time high of 9,772.84. The Standard & Poor's 500 index also hit a record, rising 7.00 points to 1,286.84. The Nasdaq composite index finished 13.07 points higher, at 2,406.01, short of the record of 2,510.09 set Feb. 1. Seven stocks rose for every six that fell on the New York Stock Exchange.

Oil stocks rose after four of the world's top oil-producing countries said they were working toward an agreement to cut supplies. (Page 15)

"Portfolio managers are all dying to buy oil service" shares such as Schlumberger and Halliburton, said William Brown 3d, president of W.H. Brown & Co., an oil consulting firm. An agreement to cut production "would have significant implications for oil stocks."

Schlumberger rose 3 3/16 at 58 1/4, while Halliburton gained 4 1/4 to 36 1/4. Among the big oil

producing companies, Chevron jumped 3 5/16 to 83 1/4, Exxon rose 3/4 to 73 3/16 and Texaco gained 4 9/16 to 33 1/16.

Treasury bond prices fell as corporations led by Freddie Mac and Lucent Technologies sold \$5.71 billion of debt, and as other companies prepared to sell as much as \$9 billion more.

The price of the benchmark 30-year Treasury

bond fell 13/32 point to 95 17/32, pushing its yield up to 5.56 percent from 5.53 percent Tuesday.

Charles Pradilla, chief investment strategist at SG Cowen Securities, said that while investments from Japan were temporarily stalled because Japan's fiscal year ends March 31, there was still great interest on the part of Japanese investors in U.S. stocks and bonds.

"Interest rates in Japan are essentially zero, and there is tremendous interest in U.S. securities," Mr. Pradilla said.

Computer Associates tumbled 5 1/16 to 34 15/16 after an analyst at Morgan Stanley down-

graded the business software maker's stock, citing concerns about falling near-term demand, increasing competition, and a potential peaking of margins.

Cisco Systems fell 15/16 to 104 1/4 on reports that the network-equipment company had warned in a filing with the Securities and Exchange Commission that its gross margins would decrease in the future and that its research expenses would rise more quickly than its sales.

Lycos rose 13/4 to 110 as prospects grew that an alternative suitor to USA Networks would emerge for the Internet search company. CMGI, a venture capital firm that has a 20 percent stake in Lycos, said it had hired Morgan Stanley Dean Witter to find buyers other than USA Networks.

Northern Telecom rose 4 to 62 after the Canadian maker of telecommunications equipment said AT&T was testing its products. A deal between the companies would be a potential blow to Lucent Technologies. AT&T has traditionally bought most of its switching gear from Lucent, a former division. Lucent fell 2 1/4 to 106 11/16.

(Bloomberg, AP, AFP)

## Gates Makes a Deal With China to Expand Internet Use

**SHENZHEN, China** — Microsoft Corp., eyeing a restricted but rapidly growing Internet market in China, said Wednesday it would offer new systems to allow Chinese to download movies, music, electronic mail and other services in their homes.

Microsoft's chairman, Bill Gates, vowed in an appearance here to "really open up Internet usage in a dramatic way," as he joined forces with the state telephone monopoly, China Telecom Group, which operates Chinatelecom, the nation's biggest Internet network.

Mr. Gates said Microsoft also would sell the People's Bank of China, the central bank, enough software for 10,000 desktop computers in "the biggest agreement of its kind that we have done." No purchase price was disclosed.

In the new Internet venture, with a new operating system called Venus, Microsoft is relying on electronics manufacturers to install the necessary hardware in their televisions, computers and video equipment that are distributed across China.

Although Mr. Gates was vague on many of

the specifics, the deal is intended to give his U.S. software giant a stronger presence in China, where it began selling software in 1985. It also operates a research center in Beijing.

China Telecom plans a strong foreign partner with expertise in software, marketing and the management of on-line services.

Mr. Gates stayed away from the Western media, both in Shenzhen and a day earlier in Hong Kong, where Microsoft announced a similar deal with Hong Kong Telecom.

It is unclear how broad Microsoft's Internet reach can be in China, where the Internet has posed tough policy questions for authorities who are encouraging its growth while also trying to keep tight controls on information.

Despite threats to information dissemination in China, Internet use has soared. Users topped 2.1 million in 1998, a fourfold growth in a year, and another 1.5 million accounts are expected to be opened this year.

Technology analysts said the growth is probably unstoppable.

"Sooner or later, technology will find a way to circumvent restrictions," said Charlie Pezza, a

telecommunications analyst at the Hong Kong office of Salomon Smith Barney.

Microsoft's venture is its second in China. It went to Shanghai last year with a similar deal for Internet services over handheld computers.

## Dell Is Allowed to Erase Microsoft Icon

**Rajiv Chandrasekaran of The Washington Post reported earlier from Washington.** Microsoft has allowed Dell Computer Corp. to delete the symbol for Microsoft's Internet "desktop" of the Windows 98 operating system in computers that Dell sells to businesses, a freedom Microsoft has aggressively denied to other PC manufacturers.

The dispensation provided to Dell, the world's second-largest PC maker and a close ally of Microsoft's, could pose a risk to Microsoft in its antitrust fight with the government, according to some legal specialists. Microsoft has long argued that Internet technologies — including the desktop icon for its Internet Explorer browser — are integrated components of Windows 98 and cannot be altered by PC makers.

## HACKERS: With Easily Available 'Attack' Programs, Beginners Learn to Strike Distant Computers

Continued from Page 13

script kiddies. And experts say, they may account for 95 percent of all external computer hacking attacks.

Experts say there are now tens of thousands of hacking-related Web sites, and hundreds that approach the subject seriously. The Pentagon, traditionally the most assailed hacking target on Earth, announced last week that it was investigating another potent attack. It undergoes 80 to 100 attacks every day.

But in years past, hacking was tedious, demanding work that required brains and dedication. There was hacker elitism. There was a great "signal-to-noise" ratio — intelligent talk

vs. baloney. And there was the hacker code: Look, but don't touch.

No longer.

"Now people can hack without having to pay their dues," said Rob Clyde, a vice president with the computer security firm Axent Technologies Inc. in Rockville, Maryland.

"You no longer have to be an expert," he said. "You just have to have time and motive. And the motive often is now vandalism, destruction, just blow away stuff, destroy it, make it look bad."

Sometimes it's even worse.

The FBI on Friday released an annual survey that it conducts with the San Francisco-based Computer Security In-

stitute, reporting that criminal hacking caused \$123 million in losses last year and now poses a growing threat to "the rule of law in cyberspace."

Mostly, though, many experts say, the new add-water-and-stir hacking is for amateurs. And most of them are still pretty young.

"We're talking 95 percent of hackers are script kiddies," Mr. Tippett said. "We're talking a million events a month where people run those tools to see what happens. Maybe one or two percent of hackers are people who know what the tool actually does."

Peter Mell, a computer scientist at the National Institute of Standards and Technology in Gaithersburg, Maryland, said, "Ten years ago, if you wanted to break into somebody's system, you would stay up all night long."

"You would manually go to their computer, try a few things, if it didn't work you'd go to another computer, try a few things," he says. "Very tedious. You'd spend all night doing it."

Nowadays, a downloaded vulnerability scanner can do the heavy work while the hacker is not even there. The scanner compiles a list of vulnerable Internet hosts, which the hacker can attack with another downloaded program.

The actual damage done by hackers is uncertain, and some experts suggested it is overstated by a computer industry eager to sell its services. Those experts estimate that 80 percent of hacking comes from within a corporation rather than through outside attacks.

Hacking lingo seems filled with military references like "attack" and "target." But hacking also has — along with its own magazines and an annual convention — an idiom all its own.

"Crashing a kernel," for example, refers to breaking down the core of an operating system. "Smashing a stack" means taking over a vital part of a computer's memory. And the ultimate feat, "getting to root," or "getting root," means seizing fundamental control of a target system.

Mr. Mell, 26, has conducted a study of published attacks that smash, crash, seize and snoop by monitoring what people request at hacker Web sites.

He has named the array of published attacks the Global Attack Toolkit. And he has compiled a list of the top 20 recently most popular. He points out that most attacks can be defended with so-called patches, but a few are almost indefensible.

"One of the most popular and one that's tough to counter is 'Smurf.' It's an attack where you overwhelm an enemy system with a huge number of information packets," he said, "and their computer simply can't handle all of the packets. The computer shuts down. If it's a Web site, the Web site stops working. If it's the router going into the White House, the White House traffic stops flowing."

"Together, the exploit script Web sites form an attack tool kit that is available to literally everyone in the world," he wrote. "Somewhere on the Internet, there exists a host vulnerable to almost every attack, and scanning tools are readily available to find that host."

## DuPont Seeks Drug Alliance

**PHILADELPHIA** — DuPont Co. said Wednesday it was actively seeking alliances with partners in the pharmaceutical industry and unveiled plans to create a tracking stock to show off the hidden value of its life sciences business.

The chemical company is likely to strike a deal with one or more partners by the end of the year, said the DuPont chief executive, Charles Holliday.

Its stock closed up \$4 at \$57.5625. DuPont said it hoped to launch its tracking stock early next year.

## U. S. STOCK MARKET DIARY

Wednesday, March 10

Indexes	High	Low	Last	Chg.
Dow Jones	9775.00	9750.00	9772.84	+79.08
S&P 500	1286.84	1280.00	1286.84	+7.00
Nasdaq	2406.01	2390.00	2406.01	+16.01

Most Active	High	Low	Last	Chg.
IBM	127.00	126.00	127.00	+1.00
Microsoft	34.00	33.00	34.00	+1.00
Apple	30.00	29.00	30.00	+1.00

Standard & Poor's	High	Low	Last	Chg.
500	1286.84	1280.00	1286.84	+7.00
400	1286.84	1280.00	1286.84	+7.00
600	1286.84	1280.00	1286.84	+7.00

Nasdaq	High	Low	Last	Chg.
100	2406.01	2390.00	2406.01	+16.01
200	2406.01	2390.00	2406.01	+16.01
300	2406.01	2390.00	2406.01	+16.01

AMEX	High	Low	Last	Chg.
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

Trading Activity	High	Low	Last	Chg.
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

Dividends	High	Low	Last	Chg.
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

Market Sales	High	Low	Last	Chg.
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

Dividends	High	Low	Last	Chg.
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

Dividends	High	Low	Last	Chg.
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

Dividends	High	Low	Last	Chg.
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

Dividends	High	Low	Last	Chg.
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

Dividends	High	Low	Last	Chg.
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

Dividends	High	Low	Last	Chg.
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

Dividends	High	Low	Last	Chg.
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
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100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
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100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

Dividends	High	Low	Last	Chg.
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

## INTERNATIONAL FUTURES

Wednesday, March 10

High	Low	Last	Chg.	Opt
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

High	Low	Last	Chg.	Opt
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

High	Low	Last	Chg.	Opt
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

High	Low	Last	Chg.	Opt
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

High	Low	Last	Chg.	Opt
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

High	Low	Last	Chg.	Opt
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38

High	Low	Last	Chg.	Opt
100	104.38	104.00	104.38	+0.38
200	104.38	104.00	104.38	+0.38
300	104.38	104.00	104.38	+0.38



EUROPE

# Oil Prices Rise as Producers Edge Toward Cuts

**LONDON** — Crude oil prices rose Wednesday after four of the world's top oil producers said they were working toward an agreement to cut supplies.

Oil ministers from Saudi Arabia, Kuwait, Oman and Qatar released a statement after meeting in Saudi Arabia saying they would take "all important measures" during the next few weeks to lift oil prices, which they described as "unacceptable."

Leo Drollas, deputy director of the Center for Global Energy Studies, said, "They will come up with more cuts — it's on the cards because they can't live with \$10 a barrel oil prices."

Brent crude oil for May delivery rose 33 cents a barrel Wednesday, to \$12.07, on London's International Petroleum Exchange. Oil prices touched 12-year lows of just over \$10 a barrel in December.

Meanwhile, a U.S. agency whose estimates are closely watched in the market said it underestimated U.S. demand and overstated U.S. production for much of 1998.

The Energy Information Administration, part of the Department of Energy, underestimated U.S. annual oil demand by 142,000 barrels a day, or 0.7 percent of the U.S. total, from January through September, according to revised government figures. It overestimated U.S. output by 66,900 barrels a day, or 1.1 percent, through November.

While the errors were not large in percentage terms, oil prices can swing widely based on small movements in supply and demand.

In another closely watched report, the International Energy Agency said world oil demand staged a smaller-than-expected revival in 1999 following near static growth last year.

The world's need for oil will grow by 900,000 barrels per day, or 1.2 percent, twice as fast as in 1998 but well below the 1.75 percent average in 1990-97, the Paris-based agency said.

The agency lowered its previous 1999 growth projection of one million barrels per day because of weaker than expected demand in January, notably in Japan, Germany, Italy and the former Soviet Union.

"We're projecting a recovery in demand, it's just a question of how quickly demand is going to pick up," said Trevor Morgan, an analyst at the agency. "The U.S. economy is still looking very strong, and we have been scaling up our growth assumptions in the U.S."

The agency is an autonomous organization, established in 1974 within the framework of the Organization for Economic Cooperation and Development, and is the forum for

coordinating the energy policies of 23 industrialized nations.

The statement from the oil producers was the firmest sign yet that ministers from the Organization of Petroleum Exporting Countries are patching up their differences. OPEC failed to cut output at its last gathering in November, as members squabbled over who should bear the brunt of cuts. In December, prices touched their lowest since 1987.

Analysts said their task would be difficult this time, too. On Tuesday, Venezuela ruled out new output cuts. The last OPEC meeting ended with inaction because of a squabble over Iran's output levels.

Many traders remain skeptical that any agreement will result from the OPEC meeting because of the reluctance of Venezuela to cut output. Venezuela is the third-largest OPEC producer.

(Bloomberg, Reuters)

## Telecom Italia Acts to Thwart Olivetti's Bid

Compiled by Our Staff From Dispatches

**MILAN** — Telecom Italia SpA began the initiative Wednesday in its battle against Olivetti SpA with a radical overhaul of its share structure and a merger with its cellular phone unit, banking sources and an Italian news agency said.

But before the former monopoly could detail its defensive strategy, Olivetti attempted to thwart it by filing a complaint with the Italian market regulator Consob, arguing that a multimillion-euro loan Telecom Italia planned to take out to finance the plan would breach market rules.

Telecom Italia intends to ask shareholders to approve a merger with 60 percent-owned Telecom Italia Mobile (TIM), a move that has been widely expected, the Italian news agency ANSA said.

Telecom also will offer investors the right to convert their nonvoting savings shares into common stock and will seek permission to buy back up to 10 percent of all capital.

The moves would drive up the cost of Olivetti's 52.6 billion euro (\$57.6 billion) takeover offer.

ANSA said its report was based on a draft of Telecom's proposals to fight off the hostile takeover bid. Telecom Italia board members discussed the defense plan at a meeting Wednesday. One banker said: "Once the board has had the chance to consider and approve the industrial plan, there will be a need to go on the road to sell it to shareholders."

A merger between Telecom Italia and TIM would add about \$18 billion to the bid cost for Olivetti, which is already under pressure to raise its bid price and explain exactly how its bid will be structured.

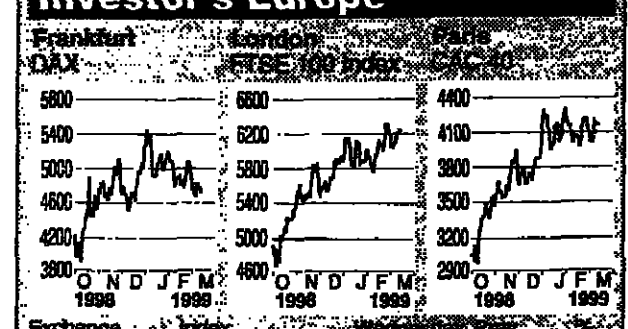
Shares in Telecom Italia surged 5.61 cents Wednesday, to close at 6.23 euros.

Meanwhile some key institutional investors in Telecom Italia were advising it on how to defend itself.

Leon de Jerez, of the British fund manager Standard Life, said he was aware of Telecom Italia investors holding at least 12 percent who definitely opposed Olivetti's bid, while investors holding an additional 8 percent were likely to oppose it.

(Reuters, AP)

## Investor's Europe



Exchange	Index	1999	1998	1997
Amsterdam	ASEX	3,528.35	3,528.35	3,528.35
Brussels	BEL-20	3,528.35	3,528.35	3,528.35
Frankfurt	DAX	3,528.35	3,528.35	3,528.35
Copenhagen	Stock Exchange	3,528.35	3,528.35	3,528.35
Helsinki	HEX	3,528.35	3,528.35	3,528.35
Lisbon	VLSE	3,528.35	3,528.35	3,528.35
Madrid	IBEX	3,528.35	3,528.35	3,528.35
Paris	CAC 40	3,528.35	3,528.35	3,528.35
Stockholm	SX 16	3,528.35	3,528.35	3,528.35
Zurich	SPI	3,528.35	3,528.35	3,528.35

Source: Reuters International Herald Tribune

## Very briefly:

- Pearson PLC, the media and entertainment group that owns the Financial Times newspaper, posted pretax profit of \$629 million (\$1.02 billion) in 1998, up from \$129 million the previous year, reflecting strong growth in its U.S. school publishing unit.
- Lagardere SCA's 1998 profit rose to 280 million euros (\$303 million) from 210 million euros in 1997. The French conglomerate confirmed an earlier forecast that its 1999 operating profit would be lower than in 1998 but it expected a significant increase from 2000.
- Lufthansa AG's 1998 pretax profit rose 40 percent, to 2.4 billion Deutsche marks (\$1.34 billion), helped by a one-time gain of 377 million DM from the sale of its Hapag Lloyd unit. More traffic and cost cutting also lifted profit.
- Germany's trade surplus rose sharply in January as weaker domestic demand and investment caused imports to decline more strongly than exports, a signal the German economy is slowing. The trade surplus widened to 8.8 billion Deutsche marks in January from a 5.6 billion DM surplus in December.
- Bayerische Motoren Werke AG will replace the Rover 200 compact and the Rover 400 midsize with a new model, to be built either in Britain or in Hungary. BMW has pumped about \$5 billion into the British carmaker since buying it in 1994.
- Swedish economic growth accelerated in the fourth quarter, fueled by increased consumer spending. Gross domestic product grew at 1.4 percent from the third quarter.
- Pechiney SA, the French aluminum and packaging company, will spin off 51 percent of its beverage-can business, which accounts for 20 percent of sales, and list it in New York this year.

(Bloomberg, AP, Reuters)

## Unidanmark To Buy Insurer

Bloomberg News

**COPENHAGEN** — Unidanmark A/S, a Danish banking company, agreed Wednesday to acquire Tryg-Baltica Forsikring A/S, a Danish insurer, for about 8.6 billion kroner (\$1.26 billion).

Unidanmark said it would exchange three of its shares for every eight shares of Tryg-Baltica. Unidanmark will also pay an extra 1998 dividend of 17 kroner per share, while Tryg-Baltica shareholders will get an extra 6 kroner dividend. In addition, Unidanmark said it would buy back shares worth about 1 billion kroner.

"It's a logical combination," said Ingemar Persson of Aros Securities. "Unidanmark wants to expand in life insurance, offering more savings products with long-term growth potential."

The financial services industry in the Nordic region is undergoing reorganization as banks and insurers combine or shed units to become larger and offer more services to their customers.

## U.S. Power Company Breaks Into Europe

Compiled by Our Staff From Dispatches

**HOUSTON** — Reliant Energy Inc. said Wednesday it was entering the European power market by buying one of the biggest power companies in the Netherlands, NV Energieproductiebedrijf UNA, for \$2.4 billion.

Houston-based Reliant, a leading U.S. electricity and natural gas company, said it would spend \$900 million for an initial 40 percent stake in the Dutch company, which would have majority ownership no later than 2002, and would complete the acquisition within a maximum of seven years.

Reliant, formerly Houston Industries Inc., owned other major power companies reportededly interested in UNA, including Edison International, a Texas Utilities Co.

UNA supplies about 20 percent of the power in the Netherlands and is majority-owned by municipal governments. It operates a mix of gas, coal and co-generation plants in the Amsterdam and Utrecht areas. UNA will be the first electric company in the Netherlands to be privatized.

UNA provides power to Dutch electricity distributors and heat and steam to Amsterdam and Utrecht, the country's fourth-largest city.

UNA was formed last year and has 1,000 employees.

Reliant's main subsidiary is Houston Lighting & Power Co., which has 1.6 million electricity customers in Texas.

"Europe is the most important region outside the United States that offers the combination of deregulation, labor and gas markets and strong commercial, political and legal infrastructure," Steve Lebetter, president and chief operating officer of Reliant, said in a statement.

In late trading in New York, Reliant rose 75 cents to \$27.675.

(Reuters, Bloomberg)

## DAIMLER: Nissan's Future Is Uncertain After Talks Fail

Continued from Page 13

san into any more of a crisis. "Nissan has many good qualities — its engineering, its assets — and it has positive cash flow, so it's not facing a crunch," he said. Nissan has established a \$4.1 billion standby line of credit with a group of 10 banks to help it get through hard times.

But many, including two former company executives, believe the

company is financially strapped. Its banks, led by Industrial Bank of Japan and Fuji Bank, are not financially sound enough themselves to lend it more money, and so it has had to issue a lot of short-term commercial paper, bought by the Bank of Japan.

"Effectively," said one analyst who works for a major investment company, "it's moot to talk about a government bailout of Nissan be-

cause the government is already bailing it out."

The government has also opened the coffers of Japan Development Bank to Nissan to the tune of some \$7 billion. That generosity has been compared to the U.S. government's 1979 bailout of Chrysler Corp., which consisted of loan guarantees that gave the company access to the money it needed to turn itself around.

## WORLD STOCK MARKETS

Wednesday, March 10

Prices in local currencies. In euros for ERM countries.

High Low Close Prev.

Amsterdam ASE 100 1,735 1,735 1,735

Brussels BEL-20 3,528.35 3,528.35 3,528.35

Frankfurt DAX 3,528.35 3,528.35 3,528.35

Johannesburg All Share 279.54 279.54 279.54

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Madrid IBEX 3,528.35 3,528.35 3,528.35

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Mexico Bolsa Mex 2,411 2,411 2,411

Paris CAC 40 3,528.35 3,528.35 3,528.35

Sao Paulo Ibovespa 779.28 779.28 779.28

Seoul KOSPI 307.7 307.7 307.7

Singapore SENSEX 2,411 2,411 2,411

Taipei TSE 1,735 1,735 1,735

Tokyo Nikkei 14,812 14,812 14,812

Winnipeg CSE 100 1,735 1,735 1,735

Zurich SPI 1,735 1,735 1,735

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## Brussels

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PSE 1991.48 1991.48 1991.48

Bolsa Mex 2,411 2,411 2,411







The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press

Page	Line	Label	Page	Line	Label	Page	Line	Label
1	1	Page	1	1	Page	1	1	Page
1	2	Line	1	2	Line	1	2	Line
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1	4	Page	1	4	Page	1	4	Page
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1	7	Page	1	7	Page	1	7	Page
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[illegible]

1	姓名	性别	年龄	民族	籍贯	职业	学历	健康状况	婚姻状况	子女情况	其他				
2	身份证号	联系电话	电子邮箱	联系地址	工作单位	收入情况	社保情况	公积金情况	房产情况	车辆情况	其他				
3	家庭成员	父母姓名	父母年龄	父母职业	父母健康状况	父母婚姻状况	父母子女情况	父母其他	兄弟姐妹姓名	兄弟姐妹年龄	兄弟姐妹职业	兄弟姐妹健康状况	兄弟姐妹婚姻状况	兄弟姐妹子女情况	兄弟姐妹其他
4	教育经历	学校名称	入学时间	毕业时间	所学专业	学位/学历	成绩/排名	其他	工作经历	单位名称	入职时间	离职时间	职位/职务	工作内容	其他
5	技能证书	证书名称	发证机构	发证时间	有效期	其他	语言能力	普通话水平	英语水平	其他语言	其他	其他	其他	其他	其他
6	自我评价	本人对自身的综合评价，包括优点、缺点、兴趣爱好、特长等。													
7	社会评价	他人对您的评价，包括同事、朋友、家人等的评价。													
8	其他信息	其他需要填写的信息，如获奖情况、志愿服务经历等。													

Stock	High	Low	Close	Change
ABC	100	98	99	+1
ATC	120	118	119	+1
ABC	150	148	149	+1
ATC	180	178	179	+1
ABC	200	198	199	+1
ATC	220	218	219	+1
ABC	250	248	249	+1
ATC	280	278	279	+1
ABC	300	298	299	+1
ATC	320	318	319	+1
ABC	350	348	349	+1
ATC	380	378	379	+1
ABC	400	398	399	+1
ATC	420	418	419	+1
ABC	450	448	449	+1
ATC	480	478	479	+1
ABC	500	498	499	+1
ATC	520	518	519	+1
ABC	550	548	549	+1
ATC	580	578	579	+1
ABC	600	598	599	+1
ATC	620	618	619	+1
ABC	650	648	649	+1
ATC	680	678	679	+1
ABC	700	698	699	+1
ATC	720	718	719	+1
ABC	750	748	749	+1
ATC	780	778	779	+1
ABC	800	798	799	+1
ATC	820	818	819	+1
ABC	850	848	849	+1
ATC	880	878	879	+1
ABC	900	898	899	+1
ATC	920	918	919	+1
ABC	950	948	949	+1
ATC	980	978	979	+1
ABC	1000	998	999	+1
ATC	1020	1018	1019	+1
ABC	1050	1048	1049	+1
ATC	1080	1078	1079	+1
ABC	1100	1098	1099	+1
ATC	1120	1118	1119	+1
ABC	1150	1148	1149	+1
ATC	1180	1178	1179	+1
ABC	1200	1198	1199	+1
ATC	1220	1218	1219	+1
ABC	1250	1248	1249	+1
ATC	1280	1278	1279	+1
ABC	1300	1298	1299	+1
ATC	1320	1318	1319	+1
ABC	1350	1348	1349	+1
ATC	1380	1378	1379	+1
ABC	1400	1398	1399	+1
ATC	1420	1418	1419	+1
ABC	1450	1448	1449	+1
ATC	1480	1478	1479	+1
ABC	1500	1498	1499	+1
ATC	1520	1518	1519	+1
ABC	1550	1548	1549	+1
ATC	1580	1578	1579	+1
ABC	1600	1598	1599	+1
ATC	1620	1618	1619	+1
ABC	1650	1648	1649	+1
ATC	1680	1678	1679	+1
ABC	1700	1698	1699	+1
ATC	1720	1718	1719	+1
ABC	1750	1748	1749	+1
ATC	1780	1778	1779	+1
ABC	1800	1798	1799	+1
ATC	1820	1818	1819	+1
ABC	1850	1848	1849	+1
ATC	1880	1878	1879	+1
ABC	1900	1898	1899	+1
ATC	1920	1918	1919	+1
ABC	1950	1948	1949	+1
ATC	1980	1978	1979	+1
ABC	2000	1998	1999	+1
ATC	2020	2018	2019	+1
ABC	2050	2048	2049	+1
ATC	2080	2078	2079	+1
ABC	2100	2098	2099	+1
ATC	2120	2118	2119	+1
ABC	2150	2148	2149	+1
ATC	2180	2178	2179	+1
ABC	2200	2198	2199	+1
ATC	2220	2218	2219	+1
ABC	2250	2248	2249	+1
ATC	2280	2278	2279	+1
ABC	2300	2298	2299	+1
ATC	2320	2318	2319	+1
ABC	2350	2348	2349	+1
ATC	2380	2378	2379	+1
ABC	2400	2398	2399	+1
ATC	2			

Stock	High	Low	Close	Change
ABC	100	98	99	+1
ATC	120	118	119	+1
ABC	150	148	149	+1
ATC	180	178	179	+1
ABC	200	198	199	+1
ATC	220	218	219	+1
ABC	250	248	249	+1
ATC	280	278	279	+1
ABC	300	298	299	+1
ATC	320	318	319	+1
ABC	350	348	349	+1
ATC	380	378	379	+1
ABC	400	398	399	+1
ATC	420	418	419	+1
ABC	450	448	449	+1
ATC	480	478	479	+1
ABC	500	498	499	+1
ATC	520	518	519	+1
ABC	550	548	549	+1
ATC	580	578	579	+1
ABC	600	598	599	+1
ATC	620	618	619	+1
ABC	650	648	649	+1
ATC	680	678	679	+1
ABC	700	698	699	+1
ATC	720	718	719	+1
ABC	750	748	749	+1
ATC	780	778	779	+1
ABC	800	798	799	+1
ATC	820	818	819	+1
ABC	850	848	849	+1
ATC	880	878	879	+1
ABC	900	898	899	+1
ATC	920	918	919	+1
ABC	950	948	949	+1
ATC	980	978	979	+1
ABC	1000	998	999	+1
ATC	1020	1018	1019	+1
ABC	1050	1048	1049	+1
ATC	1080	1078	1079	+1
ABC	1100	1098	1099	+1
ATC	1120	1118	1119	+1
ABC	1150	1148	1149	+1
ATC	1180	1178	1179	+1
ABC	1200	1198	1199	+1
ATC	1220	1218	1219	+1
ABC	1250	1248	1249	+1
ATC	1280	1278	1279	+1
ABC	1300	1298	1299	+1
ATC	1320	1318	1319	+1
ABC	1350	1348	1349	+1
ATC	1380	1378	1379	+1
ABC	1400	1398	1399	+1
ATC	1420	1418	1419	+1
ABC	1450	1448	1449	+1
ATC	1480	1478	1479	+1
ABC	1500	1498	1499	+1
ATC	1520	1518	1519	+1
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ATC	1580	1578	1579	+1
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ATC	1880	1878	1879	+1
ABC	1900	1898	1899	+1
ATC	1920	1918	1919	+1
ABC	1950	1948	1949	+1
ATC	1980	1978	1979	+1
ABC	2000	1998	1999	+1
ATC	2020	2018	2019	+1
ABC	2050	2048	2049	+1
ATC	2080	2078	2079	+1
ABC	2100	2098	2099	+1
ATC	2120	2118	2119	+1
ABC	2150	2148	2149	+1
ATC	2180	2178	2179	+1
ABC	2200	2198	2199	+1
ATC	2220	2218	2219	+1
ABC	2250	2248	2249	+1
ATC	2280	2278	2279	+1
ABC	2300	2298	2299	+1
ATC	2320	2318	2319	+1
ABC	2350	2348	2349	+1
ATC	2380	2378	2379	+1
ABC	2400	2398	2399	+1
ATC	2			

Stock	High	Low	Close	Change
ABC	100	98	99	+1
ATC	120	118	119	+1
ABC	150	148	149	+1
ATC	180	178	179	+1
ABC	200	198	199	+1
ATC	220	218	219	+1
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ATC	920	918	919	+1
ABC	950	948	949	+1
ATC	980	978	979	+1
ABC	1000	998	999	+1
ATC	1020	1018	1019	+1
ABC	1050	1048	1049	+1
ATC	1080	1078	1079	+1
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ABC	1650	1648	1649	+1
ATC	1680	1678	1679	+1
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ATC	1880	1878	1879	+1
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ATC	1920	1918	1919	+1
ABC	1950	1948	1949	+1
ATC	1980	1978	1979	+1
ABC	2000	1998	1999	+1
ATC	2020	2018	2019	+1
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ABC	2350	2348	2349	+1
ATC	2380	2378	2379	+1
ABC	2400	2398	2399	+1
ATC	2			

[illegible][illegible]

### Wednesday's 4 P.M. Close

[illegible][illegible][illegible][illegible][illegible]

Month	High	Low	Stock	Div Yld	PE	100-Hgn	Low/Land	Crgs
1999	100	100	100	100	100	100	100	100
1998	100	100	100	100	100	100	100	100
1997	100	100	100	100	100	100	100	100
1996	100	100	100	100	100	100	100	100
1995	100	100	100	100	100	100	100	100
1994	100	100	100	100	100	100	100	100
1993	100	100	100	100	100	100	100	100
1992	100	100	100	100	100	100	100	100
1991	100	100	100	100	100	100	100	100
1990	100	100	100	100	100	100	100	100
1989	100	100	100	100	100	100	100	100
1988	100	100	100	100	100	100	100	100
1987	100	100	100	100	100	100	100	100
1986	100	100	100	100	100	100	100	100
1985	100	100	100	100	100	100	100	100
1984	100	100	100	100	100	100	100	100
1983	100	100	100	100	100	100	100	100
1982	100	100	100	100	100	100	100	100
1981	100	100	100	100	100	100	100	100
1980	100	100	100	100	100	100	100	100
1979	100	100	100	100	100	100	100	100
1978	100	100	100	100	100	100	100	100
1977	100	100	100	100	100	100	100	100
1976	100	100	100	100	100	100	100	100
1975	100	100	100	100	100	100	100	100
1974	100	100	100	100	100	100	100	100
1973	100	100	100	100	100	100	100	100
1972	100	100	100	100	100	100	100	100
1971	100	100	100	100	100	100	100	100
1970	100	100	100	100	100	100	100	100
1969	100	100	100	100	100	100	100	100
1968	100	100	100	100	100	100	100	100
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1963	100	100	100	100	100	100	100	100
1962	100	100	100	100	100	100	100	100
1961	100	100	100	100	100	100	100	100
1960	100	100	100	100	100	100	100	100
1959	100	100	100	100	100	100	100	100
1958	100	100	100	100	100	100	100	100
1957	100	100	100	100	100	100	100	100
1956	100	100	100	100	100	100	100	100
1955	100	100	100	100	100	100	100	100
1954	100	100	100	100	100	100	100	100
1953	100	100	100	100	100	100	100	100
1952	100	100	100	100	100	100	100	100
1951	100	100	100	100	100	100	100	100
1950	100	100	100	100	100	100	100	100
1949	100	100	100	100	100	100	100	100
1948	100	100	100	100	100	100	100	100







ASIA/PACIFIC

# Businesses Bank On China's Vows

## But Some Fear Legal Revisions May Not Be Fully Implemented

By Michael Laris  
Washington Post Service

**BEIJING** — Wang Jipeng, a crab and shrimp farmer from Anhui province, perhaps understands more than most the importance of a proposal from China's leaders that would protect private enterprises.

Earlier this year, rival farmers pilfered his stock, stole his equipment and destroyed parts of a 30-mile (48-kilometer) dike he had built. Local officials did nothing, despite written guarantees that they would protect his property in exchange for hefty fees. Mr. Wang's entire \$5 million investment literally washed away with the dike.

Mr. Wang's experience mirrors that of many Chinese entrepreneurs who have created the wealth and jobs that are keeping China's economy in the black amid East Asia's crisis. Mr. Wang is no ordinary entrepreneur. He is a member of China's highest representative body — and he is losing his patience.

"I have until now swallowed the humiliation, borne the heavy burden and not told anyone about this," Mr. Wang said in an interview. But, he added, "if the legal property rights of a people's representative can't get protection, then this is a national scandal."

On Tuesday, China's Communist leadership proposed constitutional amendments to the national legislature that would offer a measure of protection to the private sector, calling it "an important component of the socialist market economy."

The constitutional amendments, which were presented to the National People's Congress for its March 15 "examination" and which will be adopted next week, were written by China's senior Communist Party leaders. While they do not give citizens the right to own property — a provision reformists had hoped for — the amendments are still viewed here as a positive step.

As it is, the amendments were so controversial among China's rulers that a move to enact them a year ago was scuttled, according to a source close to the legislature. The current, altered versions proclaim that the private sector is "an important component of China's socialist market economy," not merely "a complement to the socialist public economy," as the present article reads.

But China's constitution is full of empty promises, and it is unclear what the practical effect of the



Mr. Wang, whose investment was washed away.

amendments will be. Drafted in 1982, the charter asserts that Chinese citizens have freedom of speech, freedom of the press and the right to demonstrate — but that they are all subject to "the leadership of the Communist Party."

A leading academic who has pushed for a straightforward endorsement of private-property rights said the "cautious" changes leave a flawed foundation for further legal gains by private enterprise. The constitution still deems state property "sacred and inviolable," he noted, while for the private sector it merely states that unspecified "lawful rights and interests" are protected.

# Cathay Cites Asia Crisis As It Posts Loss for '98

Compiled by Our Staff From Dispatches

**HONG KONG** — Cathay Pacific Airways reported its first annual loss Wednesday since 1963, citing the economic downturn in Asia.

The company had a loss of 542 million Hong Kong dollars (\$69.9 million) in 1998 on sales of 26.7 billion dollars, down 9.5 percent from 1997, when Cathay earned 1.69 billion dollars.

The company, whose largest shareholder is Swire Group, said widespread economic weakness in the region had cut passenger loads and lowered yields. The amount of cargo transported fell, and the airline's catering, ramp-handling and aircraft-maintenance businesses were also hit.

Chairman Peter Sutch, calling last year one of the worst in Cathay's 33-year history, said the contraction of Asian economies had taken a "heavy toll."

With the regional downturn that began in 1997 deepening last year, almost all routes served by the airline were affected, particularly those to Japan and Southeast Asia, the company said. Long-haul routes to Europe and North America performed better but were still affected.

The weakening of Asian currencies and a reduction in first-class and business-class travel caused yields, or revenue per passenger, to

plunge further than overall passenger loads. In addition, there was tougher competition.

Cathay said weakness in the company's cargo service had been exacerbated by the difficult opening of Hong Kong's new international airport last July, when operational and technical problems brought air cargo traffic to a virtual halt.

Cathay also posted a one-time loss of 869 million dollars from severance payments and the cost of removing its older Boeing 747s from service.

Cathay faces another tough year in 1999 because of fierce competition, weak demand and the prospect of rising fuel prices. The airline also faces a possible strike by its pilots. Cathay has been trying to cut pilot wages for almost a year, without success so far.

Cathay has reduced its number of employees to about 14,000 from about 16,000 through firings and attrition. It also reduced the wages of flight attendants, ground staff and office workers.

"There will be some improvement at Cathay in 1999," said Peter Negline, aviation analyst at Salomon Smith Barney Asia Pacific.

"It probably won't be enough to return the airline to profitability, however."

(Bridge News, Bloomberg)

# Shell Plans Singapore Plant

Bloomberg News

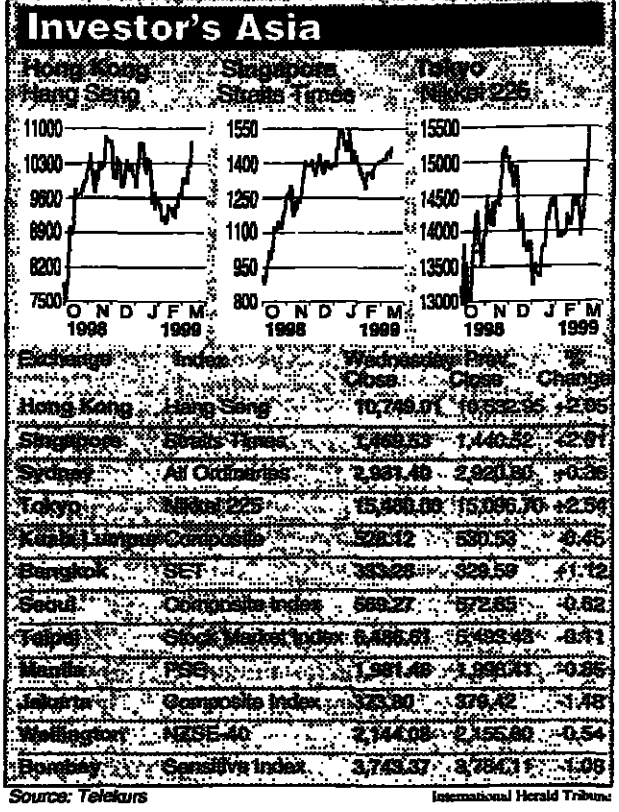
**SINGAPORE** — Shell Eastern Petroleum Pte. and Petrochemical Corp. of Singapore said Wednesday they would build a \$100 million oil refinery in Singapore.

The condensate splitter will have a capacity of 70,000 barrels of oil a day. It is expected to start operation in June 2000. The companies said the refinery would help them cut costs by producing fuels used at local petrochemical plants instead of buying them on international markets. The lower costs will help

the companies weather the slump in demand and prices caused by recessions in Asia, they said.

Shell Eastern, a unit of Royal Dutch/Shell Group, will operate the refinery, on the island of Pulau Bukom, under an equally owned joint venture. Oil will be supplied from Shell companies in Australia.

Chiyoda Corp. of Japan won the contract to build the refinery, and Kvaerner R.J. Brown will construct undersea pipelines linking the refinery to another island refining center off Singapore.



## Very briefly:

- Nippon Paper Industries Co., the Japanese paper maker, will eliminate 19 percent of its workforce in another round of job cuts aimed at shoring up earnings. It will cut its payroll by 1,300 employees, to 5,500 by March 31, 2002.
- Nikon Corp. is facing a heavier-than-expected loss in the year to March because of poor sales of microchip production devices and more restructuring charges. The camera maker plans to post a group pretax loss of 18 billion yen (\$148.2 million) for the year.
- Japan has decided to allow imports of five varieties of apples and two kinds of cherries that the United States had pressured Tokyo to approve. The decision comes two weeks after a World Trade Organization ruling that Japan has acted illegally by blocking imports of fruit on health grounds.
- The Philippines will receive a further \$800 million in financial assistance from Japan as part of that country's \$1.4 billion aid package to Manila.
- Coles Myer Ltd., the Australian retailer, said first-half profit rose 11 percent, to 289.9 million Australian dollars (\$183.2 million), helped by a surge in profits from its Kmart Corp. stores and continued growth from its largest division, food and liquor.
- Hyundai Motor Co. of South Korea cut its 1999 sales forecast by a fifth, blaming its acquisition of bankrupt Kia Motors Corp. It now expects sales to rise 24 percent this year, to 10.8 trillion won (\$8.8 billion).

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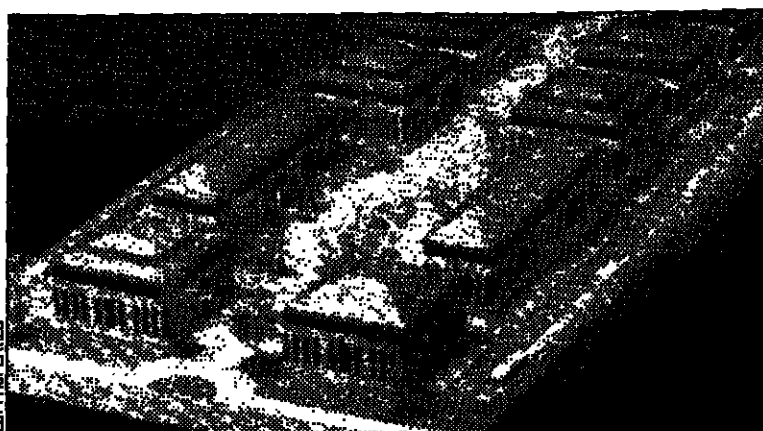
March 10, 1999

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# BUSINESS LOCATIONS IN EUROPE

New concepts in spaces and services for business real estate development include the light and spacious Le Dôme complex (far right) at Roissy-Charles-de-Gaulle Airport in Paris and the high-tech Greenhill Campus in Belgium (right).



## MULTINATIONAL COMPANIES SEEK MULTISERVICE REALTY

Global corporations are outsourcing real estate dealings to service providers.

Multinational companies seeking to operate in Europe are increasingly turning to organizations that provide a wide array of property services as well as advice on the selection, valuation and tax implications of a real estate purchase. While established players such as Knight Frank and Jones Lang Wootton in London are expanding to meet these multifaceted needs, some newer niche players in key European centers are also joining the fray.

In London, international agencies such as Knight Frank have developed a range of subcontractors situated around the world to help cater to the specific needs of multinationals. The problem, notes Steve Mallen, partner and head of research, is that "while commerce has become global, real estate is parochial." Large corporations, according to Mr. Mallen, "need to operate and understand very different property sectors around the world, in many countries."

Multinationals, particularly those in North America, that are seeking to expand around the world are finding that they can reduce costs by outsourcing their real estate dealings. Mr. Mallen explains. The need for senior executives to undertake a long "learning curve" about a particular market is reduced, he says, as are the operational costs involved in property acquisition and management.

### New players

Ezy Properties, a Belgian company founded less than three years ago, is one of the first real estate agencies to provide facilities and services on the Internet. Its global approach helped the company gain an important edge in the multinational market, and it decided late last year to set up a subsidiary, Ezy Properties Services (EPS), to provide advice on areas such as project management and space planning, as well as valuations and sites.

Its first major client, EUnet Belgium, previously completed a lease contract project in Greenhill Campus, an important high-tech location in the country, with EPS's parent company. The subsidiary is now responsible for managing the installation of 3,500 square meters (37,674 square feet) of offices in the company's new headquarters in Leuven, as well as overseeing the move into the new premises and serving as the rental agent for the property.

### One-stop shopping

As EPS officials point out, a large multinational company can benefit from such services by saving valuable staff time and by gaining access to specialists in office use and furnishings. "Visiting property is one thing," one EPS executive explains, "but how do you know when you have visited an empty floor that you have chosen the right surface in the right location? How much will it cost to put up the necessary partitioning, fit-out works and wiring?"

EPS also advises the relocating corporate client on other ways to cut costs, from "hot-desking" (where staff members use facilities interchangeably) to reconfiguring floor

plans to fit the client's specific requirements. EPS executives say that with more and more companies such as Chrysler, DHL, Levi Strauss and UPS choosing to open offices in Brussels to be close to the headquarters of the European Commission and the European Council of Ministers, the market for such services is expected to grow rapidly in the next few years.

Building a better workplace Eurogreen, another real estate agency in Brussels, has set its sights on corporate clients in the Benelux countries and is now expanding into the Baltics. Rather than wait for customers to come to it, Eurogreen has initiated two major projects aimed at international manufacturers seeking to minimize transport and distribution costs.

The first of these projects, Logistiek Park Zandvliet (LPZ), which is awaiting official approval, is situated on the Netherlands border adjacent to the port of Antwerp. The park will be part of the proposed regional corridor connecting Rotterdam with Antwerp. Warehousing, distribution, assembly and high-tech facilities are being incorporated into an industrial park aimed at multinationals that want to export their goods to customers across Europe. Rail links are being provided to the Channel Tunnel, as well as to the ports of Zeebrugge, Ghent and Rotterdam. Eurogreen says that such facilities should help international companies integrate "just-in-time" concepts into their production.

The second project, the Free Economic Zone Kaunas, is located in Lithuania's second-largest city, Kaunas, and aims to integrate distribution and assembly throughout the Baltics. Multimodal transport networks will link Helsinki with Saint Petersburg and Warsaw, as well as other Baltic shipping terminals. The free zone will also include an industrial production area and a science and technology park. The Dutch engineering group Arcadis and the international energy conglomerate Tractebel of Belgium are partners in the project.

Farther south, a realty company founded by Vit Klima, who served as deputy mayor of Prague, is setting up a network of agencies aimed at helping multinationals buy businesses, as well as land for greenfield production sites, in the Czech Republic. The network seeks to provide a complete range of services, from investment advice to insurance.

Pamela Ann Smith



The Eurostar may help produce a cross-Channel economic region.

## AIRPORT BUSINESS CENTERS TAKE OFF

Multituse complexes at airports are growing.

For international companies, the interest in having a business location near a major airport, whether for the fast turnaround of merchandise or for busy executives on the wing from one meeting to another, is obvious. Europe's top airports offer a variety of business-friendly facilities.

### Tea and tarmac

At Heathrow, Europe's busiest airport in terms of passenger numbers, three types of short- and long-term office space and business facilities are available. The World Trade Center, located on the perimeter of the airport, currently has 5,390 square meters (58,017 square feet) of office space available with flexible leasing terms. Offices are air-conditioned, have views of the airfield and are equipped with raised floors and cabling. Regular shuttle buses run to the airport terminals and Heathrow Express. Phases 3 and 4 of the development will add more office space in the coming years. Other office buildings are located outside the airport but within 2 kilometers (1.2 miles) of it, including the Elements building, which boasts high-tech facilities and a 200-space parking lot.

Offices can be rented in a variety of locations in Heathrow's Central Terminal Area at a week's notice. Standard services include telephone lines and voice mail, access to fax machines and photocopiers, maintenance and, this being England, free tea and coffee.

### The Paris area

Both of Paris's airports, Roissy-Charles-de-Gaulle and Orly, offer high-tech office space to companies. At Roissy, the office complex Le Dôme is linked to Paris by trains and buses and to airport terminals by its own mini-subway, Le Relayer, with trains leaving every 20 seconds. The 40,000-square-meter building has a glass-domed interior walkway. Its modular office space can be parceled out as single offices or an entire building, and two business centers offer office rentals for variable time periods. A wide range of services, from maintenance to interior decoration, is available, and the complex has its own restaurants, shops, post office, banks, hotels and medical services.

The Orlytech office complex at Orly Airport also benefits from good transport connections to Paris. With 30,000 square meters of cable-ready offices, the complex boasts such extras as green spaces, a shared company restaurant, a restaurant-club, cafeteria, shops, tennis courts, a business center and a hotel.

### Major Frankfurt expansion

In May, Frankfurt, the Continent's busiest airport, will inaugurate its new AIRail terminal, which will provide high-speed intercity train service. Phase 2 of the AIRail terminal will be the building of a 160,000-square-meter multilevel office complex on top of the terminal. Financing is being sought for the 750 million Deutsche mark (\$417 million) superstructure, which will also house entertainment and shopping facilities. Construction is set to begin in 2000.

The new complex will help to make up for the current shortage of office space at the airport. With a 98 percent occupancy rate, the airport cannot meet demand for offices at the existing Frankfurt Airport Center 1 at Terminal 1 and Frankfurt Airport Center 2 at Terminal 2. Tenants include aviation-related companies and Messer Griesheim, part of the Hoescht AG group, which has its executive headquarters at Frankfurt Airport Center 1. The airport also has a warehouse and distribution center that is used by U.S.-based Beckman Instruments and Airbus, among others.

The World Trade Center Schiphol at Schiphol Airport in Amsterdam rents out meeting and conference rooms for up to 120 people and provides business services. The Business and Meeting Center Schiphol also rents out meeting rooms for up to 20 and provides a wide range of business services.

Heidi Ellison

## MIPIM LAYS GROUNDWORK FOR TRADE FAIR

MIPIM (Marché International des Professionnels de l'Immobilier), the International property-market trade fair, celebrates its 10th anniversary this year at the Palais des Festivals in Cannes from March 11 to 14.

The trade fair brings community development agencies and real estate promoters, developers and contractors together with institutional investors and corporate end-users. This year, 3,181 companies

from 52 countries are on hand to wheel and deal. Nearly 2,700 of the 8,855 participants present are investors and end-users. A variety of conferences will examine economic, fiscal, legal and technical topics with an eye to the new millennium. The MIPIM Awards will recognize achievements in five categories: office buildings, business centers, shopping centers, housing and office renovation. H.E.

## PROPERTY DEVELOPMENT ON EUROPE'S FAST TRACK

England, France, Spain, Germany and the Netherlands hope to capitalize on new high-speed train networks between cities.

European planners are pushing ahead with a scheme to build 6,000 kilometers (3,720 miles) of fast-rail track across the European Union by 2010. Developments are already taking shape in member states, including France, Germany, Spain, Britain, Italy, the Netherlands, Sweden and Denmark. How will these moves affect property markets, corporate locations and investment? Will they help to create new cross-frontier regions and concentrate business and cultural activity in major centers served by the links?

Europe's first high-speed train link was the French TGV (Train à Grande

Vitesse) between Paris and Lyon, which entered into service in 1982. This ultimately gave a big boost to the development of office buildings in the Part-Dieu business district next to Lyon's principal TGV station, which now accounts for 25 percent of office space in the Lyon area, though it took about 10 years for the effects to be fully apparent.

Paradoxically, the establishment of Lyon's high-speed connection has produced both decentralizing and recentralizing forces. On the one hand, it is now easier for Paris-based companies to establish regional headquarters in Lyon because of the rapid

train times, yet on the other hand, it is also easier for businesspeople to travel from their Paris head offices and back on the same day.

"The main demand for new service-sector office properties is now firmly concentrated on the area around the Part-Dieu TGV station," says Alain Schori, associate director with real estate agents Colliers Auguste-Thouard in Lyon. "Projects for around 80,000 square meters [860,000 square feet] of offices are being studied in this area, which is currently attracting the interest of international investors, including U.S. institutions."

One of the wider claims made in favor of the development of high-speed rail links is that they will encourage the emergence of economic regions that straddle national boundaries. For example, local authorities on both sides of the English Channel are keen to promote the idea of a cross-Channel economic region powered by the Channel Tunnel link, bringing together Kent in Britain and the Nord-Pas de Calais region in France.

So far, the dream considerably outstrips the reality, though some cross-Channel effects are being felt in the town of Ashford, the first British stop for Eurostar trains

from Paris and Brussels on their way to London. Ashford is now attracting small and medium-sized French companies, partly because of its favorable location with regard to transport links, and also because business costs and taxation are generally lower in Britain than they are in France.

Another significant move is Germany's Deutsche Bahn 2000 project, which aims to place high-speed train and other rail tracks underground in order to reclaim urban areas above the stations. This aspect is particularly important because of the high population density and land scarcity in Germany's main urban areas.

### Velocidad and vitesse

Spain has created a high-speed train service, called AVE (Alta Velocidad Española), that links the capital, Madrid, in the center of the country with Córdoba and Seville in the south. "This has not produced big business movements," says Etienne Brocas, property investments manager at agents Auguste-Thouard España in Madrid, "though it is helping tourism, and a few Spanish companies have relocated manufacturing activities to areas around Seville and Córdoba."

Spanish authorities are

now working on a more ambitious plan to link the country's high-speed AVE network with France's TGV network via Zaragoza and Barcelona in the northeast of Spain.

"So far, this has been examined solely as a transport issue, and the possible economic effects have not been seriously analyzed," says Mr. Brocas.

"However, it is likely that cities on the new line will become more attractive as business locations, particularly since rents are much lower than in Madrid."

The Netherlands is taking advantage of the country's connection to the European high-speed train system to carry out major developments around the five Dutch cities that are being joined to the network: Amsterdam, Rotterdam, the Hague, Utrecht and Arnhem.

The most important of these projects is Utrecht UTC (Utrecht Central), which involves a large development over the train station in the center of the city. Utrecht is the rail hub of the Netherlands, and the city's station already plays host to the Jaarbours congress and exhibition center. The new plans include a shopping center and offices.

Michael Rowe

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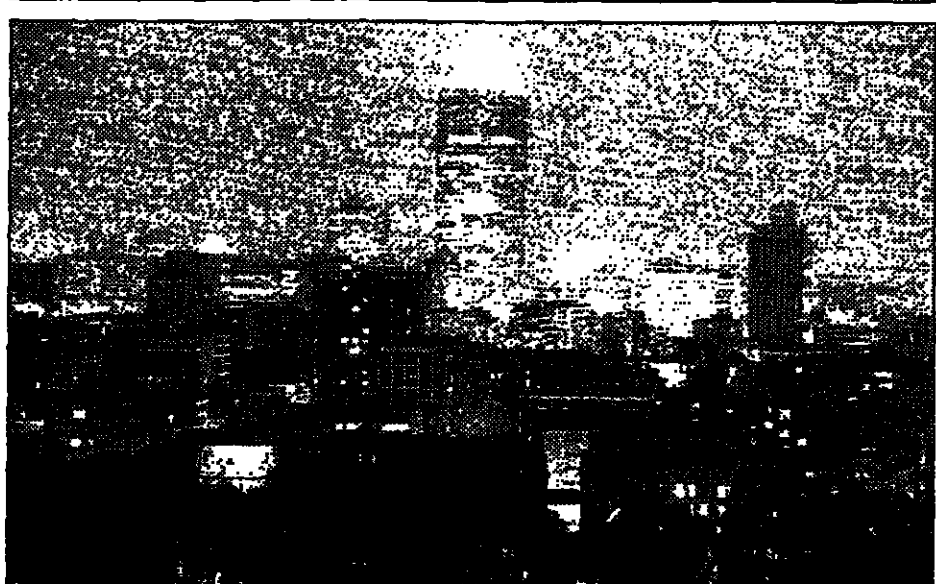


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# BUSINESS LOCATIONS IN EUROPE: LYON

As Lyon builds its reputation as an important European commercial and logistics center, service as well as industrial companies are choosing the city as a European base. The supply of office space in Lyon has not kept pace with demand, but a number of projects to build new office buildings are planned, creating an opportunity for investors. Clockwise from left: the Tour du Crédit Lyonnais in Part-Dieu, the city's central business district; the TGV station; and a view of downtown Lyon.



## PART-DIEU BUSINESS DISTRICT IS NOW RIPE FOR INVESTMENT

Construction is needed to fill the demand for new high-quality office space.

Since it was built two decades ago, the tubular Tour du Crédit Lyonnais skyscraper has become as much a symbol of Lyon as the basilica of Notre Dame de Fourvière, perched on the hilltop where the Romans founded the city 2,000 years ago.

This contrast of old and new is fitting for France's second city, whose historic neighborhoods have just been declared a World Heritage Site by the United Nations Educational, Scientific and Cultural Organization (Unesco). While the city carefully nurtures its historical treasures, it is also very much a part of the modern world, playing an important strategic role as a crossroads between southern and northern Europe.

Its geographical position and its excellent air, rail and highway connections have made Lyon an important European business and logistics center, and as France's economy grows stronger, more and more companies and investors are taking a closer look at the advantages of doing business in the city.

### Demand for modern space

For real estate investors, the current conjunction of circumstances has created an opportunity that is just waiting to be seized. Companies looking to relocate to Lyon are finding a dearth of the modern office space they need. New construction is urgently needed to fill this demand, and wise investors are capitalizing on the situation.

According to the real estate firm Bourdais, office stock in Lyon stood at 214,000 square meters in January, a decrease of 9 percent from 1997 and the lowest level seen in 10 years. Significantly, new or renovated office space accounted for only 4,000 square meters. Demand, however, remained stable during the year.

The most likely site for immediate development is the Part-Dieu business and commercial center, located in the heart of Lyon and home to the Tour du Crédit Lyonnais, the headquarters of one of France's leading international banks, and the Tour Suisse.

Part-Dieu is particularly well-connected to the outside world by its own high-speed TGV train station, and it also houses France's second-largest shopping mall. With 500,000 square meters of office space and 40,000 employees, it is the city's main hub of business activity.

### Attractive rents

La Lettre MP, which publishes newsletters on French real estate, reported in January that rents at Part-Dieu have stabilized at up to 950 francs (\$158) per square meter, 200 francs to 300 francs higher than the average for the city. Less than 2,000 square meters of new office space is available at Part-Dieu, most of it in the Danica building.

"Investors are coming back to Lyon," says the newsletter, "attracted by the new stability of the market and the possibility of rents" surpassing 1,000 francs per square meter. They are willing to invest outside of Paris, where the market is too competitive.

Transactions at Part-Dieu in 1998 included the sale of the Discover building to Socapi, the life insurance division of the banking group CIC; the purchase of the three Danica buildings by Suravenir, an insurance subsidiary of Crédit Mutuel bank; and the sale of the Britannia building to a Lyon manufacturer.

No new construction has taken place in Part-Dieu since 1993, when the Danica and Discover buildings were completed. According to La Lettre MP, the current rental prices should encourage potential investors to take the risk of investing in new construction "en blanc," without guaranteed tenants.

### Ready to build

Developers are currently looking for such investors. Current projects with delivery possible within three years would add 90,000 square meters of new office space.

"Like La Défense in Paris, Part-Dieu is experiencing a second wind," says Catherine Tardieu, director of marketing and sales for SERL (Société d'Équipement du Rhône et de Lyon), a public-private land-use planning company.

She adds: "Many companies consider Lyon as a second Parisian site. They arrive at the TGV station in the heart of Part-Dieu in only two hours and are immediately operational. Part-Dieu's major attraction is the ease of access. If you say, 'We're at Part-Dieu,' everyone knows immediately what you're talking about. It's a quality address."

Adds Jean-Louis Debaige, director of SERL: "Part-Dieu offers a window of opportunity for investors at the moment. There is plenty of demand and little supply, and prices are attractive."

One investor that has taken advantage of the opportunities offered by Part-Dieu is Rodamco France, the French real estate arm of Rodamco, a Dutch investment company.

Rodamco France is a majority co-owner of the Part-Dieu shopping mall and of the Tour du Crédit Lyonnais. "We favor investments in major regional centers," says Paul Kauffer, chief executive officer of Rodamco France. "Lyon is interesting to us for two reasons. First, because it is the second city in France and has a strong financial base. Second, because the shopping center is the largest in the French provinces, and we want to be present in important markets."

According to Mr. Kauffer, Rodamco considers its billion-franc holdings in Lyon as a "strategic investment."

"This is a long-term investment for us," he says, "with added value." The company plans to reinvest in Lyon by renovating the 20-year-old shopping center and to take advantage of the economic upswing by making it more attractive to consumers. The shopping center attracts more than 20 million visitors per year and is "a motor of development for Lyon," says Mr. Kauffer.

Rodamco's investment in Lyon represents 30 percent to 35 percent of its 5 billion franc investment in France. "It's an important part of our investment in the country," concludes Mr. Kauffer. Rodamco's real estate holdings in Lyon are managed by Paris-based Kieffer Conseil & Gestion.

Other investors are taking a look at the opportunities offered by the Lyon market. Says Guy Malher, president of the Chamber of Commerce and Industry of Lyon, co-president of ADERLY (Lyon Area Economic Development Agency) and vice president of Pasteur Mérieux Connaught, one of the world's biggest vaccine makers: "At ADERLY, we are working with investors to encourage construction. Companies can't find what they're looking for — spaces of at least 2,000 square meters — so they are willing to invest in projects that have guaranteed tenants for 50 percent of the space."

According to Mr. Malher, the investors that are currently showing interest in the Lyon region's promising market are British and German banks and U.S. pension funds that are looking for secure investments and good yields. Companies are looking for large spaces and multiuse facilities with the latest equipment that can be used for a combination of activities, such as storage, light industry, research, marketing and administration. "What is needed now," says Mr. Malher, "is companies willing to sign rental contracts with investors, or investors willing to build without having guaranteed tenants."

He points out that because of the economic crises in Asia, Russia and Brazil, "there has been a change in thinking among company directors. Before, they were concerned about the status of their headquarters, but now their priority is investing in research and factories and renting space for their headquarters. They are less concerned with image than they were before."

## SETTING UP A EUROPEAN BASE IN LYON

International Paper cites geography, workforce skills and quality of life as reasons for choosing the city.

Dozens of international companies and organizations have chosen Lyon as the European base for their activities. Among them are Hewlett-Packard, Ilexa, Euronews, the Aspen Institute France, the Euro Institute, Interpol, the International Cancer Research Center and Handicap International. Lyon is a gateway to a European market of 350 million consumers, and for just that reason, International Paper recently chose the city as a base for its European activities.

International Paper is the world's top producer of forest products and a major distributor of paper and office supplies. To enter the European market for aseptic UHT (ultra-high temperature) packaging, which preserves products like milk for long periods of time, the company set up the European headquarters of International Paper Beverage Packaging Europe in Saint-Priest, a suburb of Lyon, in 1996.

"Europe is the largest market for long-life aseptic products," says Stig Holm, general manager of International Paper Beverage Packaging Europe. "We chose Lyon for logistical reasons, because it is

located in the middle of the market, with easy access to Germany, France, Italy and Spain, all of which are big markets."

International Paper Beverage Packaging Europe employs 130 people in Saint-Priest, the site of its headquarters for European operations, a research and development center and a factory producing aseptic packaging. Mr. Holm points out that the total market for these products is only 1 billion packages in the United States, but 30 billion to 35 billion in Europe.

"Another advantage of Lyon is that there are so many knowledgeable people in the area," says Mr. Holm. "With skills in printing and extrusion. Plus, Saint-Priest is located near the Lyon-Satolas International Airport, which is important to us, and the area has excellent highway connections."

Another incentive for locating in the Lyon region was the assistance provided by local agencies. Greater Lyon's Department of Economic and International Affairs and the Lyon Area Economic Development Agency (ADERLY) worked together with International Paper

to make the company's implantation in Saint-Priest a success. Greater Lyon coordinated the administrative procedures necessary for setting up and handled relations with municipal authorities.

"We received a lot of support from ADERLY [the Lyon Area Economic Development Agency] and Greta [a training program] in finding and training employees," says Mr. Holm. "ADERLY also helped us to organize utilities, find contractors to build the factory and show the community to our employees."

International Paper is pleased with its choice of the Lyon area for its European headquarters, according to Mr. Holm, and so are its employees, who enjoy contact with local people in related industries and Lyon's active cultural life. He adds that the area's international schools were important to the company's expatriate employees. ADERLY provided assistance with school placements.

International Paper Beverage Packaging Europe is planning to expand the capacity of its factory in Saint-Priest. It is also investing in equipment and is expanding elsewhere in Europe. ●

## AMBITIOUS PLANS FOR 21ST CENTURY

Raymond Barre, mayor of Lyon since 1995, was first elected as a deputy from the city in 1978. In the following interview, the former prime minister of France discusses the opportunities open to real estate investors and the city's plans for the future.

**What is the current situation in Lyon's commercial real estate market?**

After a phase during which balance returned, the market in Greater Lyon is once again confronting a shortage of new, high-quality office space. Large companies that are interested in Greater Lyon as a site for their service activities encounter problems as soon as they start looking for sizable properties. Naturally, this lack of supply enhances price pressures, but that is not in itself a bad thing; on the contrary, it creates especially attractive investment opportunities.

In 1999, we will see the return of these investors to the Lyon region, especially foreign investors. According to real estate professionals, the market in the Lyon region now offers a base for high yields, of around 9 percent to 9.5 percent, placing it among the most profitable markets in Europe.

**What investment opportunities are available on Greater Lyon's commercial real estate market?**

Part-Dieu, Lyon's business district, offers the best investment opportunities at the moment. Several office-building projects are on offer by Lyon's property developers.

Greater Lyon continues to invest in Part-Dieu because it wants to complete this development program, which was launched more than 25 years ago, as rapidly as possible. Efforts have been made to improve access to Part-Dieu for pedestrians and for automobiles, to develop high-quality public spaces and to extend public transport. By the end of 2000, the center of the Part-Dieu business district will be served by a new street-car line.

Greater Lyon's second service hub is Cité Internationale, located between the Rhône River and the Parc de la Tête d'Or. Its vocation is to provide high-quality office space for company headquarters. There is still room for new office buildings to be built on this prestigious site, but the operation must be completed rapidly because facilities designed to receive different types of international meetings, including conferences, diplomatic conferences and so on, have already been built.

**What are Greater Lyon's goals in terms of economic development?**

Our primary goal is to position Lyon among the top-ranking cities in Europe. In addition, we are determined to develop new activities with high added technological value. One example, to which we are giving highest priority, is the Gerland science park, which will enable us to achieve this goal in the areas of biotechnology and life sciences in general.

The Lyon area's Porte des Alpes technology park typifies the future development of the region. Following the example of new-generation business parks, this site can accommodate activities re-

lated to the environment, electronics and the medical sciences on its 120 hectares [50 acres]. The Merial group [formerly Rhône-Mérieux] has already chosen 20 hectares of land in the Porte des Alpes park as the site for a factory producing veterinary products.

**How will Greater Lyon go about attracting increased numbers of business travelers?**

Thanks to our know-how and our current tourism facilities, we have already attracted such major events as the G-7 summit meeting and the United Nations Conference on Trade and Development's biannual summit meeting. Biovision, the first world forum on life sciences, will soon be held here.

We have even more ambitious plans, however. In terms of infrastructure, we have decided to build a new Palais des Congrès that will seat 3,000 conference-goers. When it opens its doors at the end of 2002, it will provide backup to the business and conference facilities already available at Cité Internationale. The new facility will help to place the city among the ranks of European metropolises capable of organizing huge international congresses.

**What is Greater Lyon's strategy for future development?**

When it comes to strategy, we have set up a plan called "Millennium 3," the goal of which is to collectively plot the medium- and long-term



Mayor Raymond Barre

development of the city of Lyon. The program is an ongoing examination of the city's future with the theme of humanity at the center of the debate.

In addition, we want to continue the development of the city in concrete terms. The most ambitious development project, and the one that is most representative of the Lyon of tomorrow, is Lyon Confluence, located in the heart of the city. In the next 20 to 30 years, the city's urbanized area will be doubled. A new city center with a mix of housing, offices, shops, parking lots, and cultural, scientific and sporting facilities will be constructed on an area of 150 hectares. Nearby will be the new Gerland park, with a spectacular setting between the Rhône and Saône rivers. This exciting project should enable Lyon to indisputably acquire the status of a great European city, along the lines of Milan or Barcelona. ●

## HELP FOR INVESTORS

### ADERLY

LYON AREA DEVELOPMENT AGENCY/ASSOCIATION POUR LE DÉVELOPPEMENT ÉCONOMIQUE DE LA RÉGION LYONNAISE

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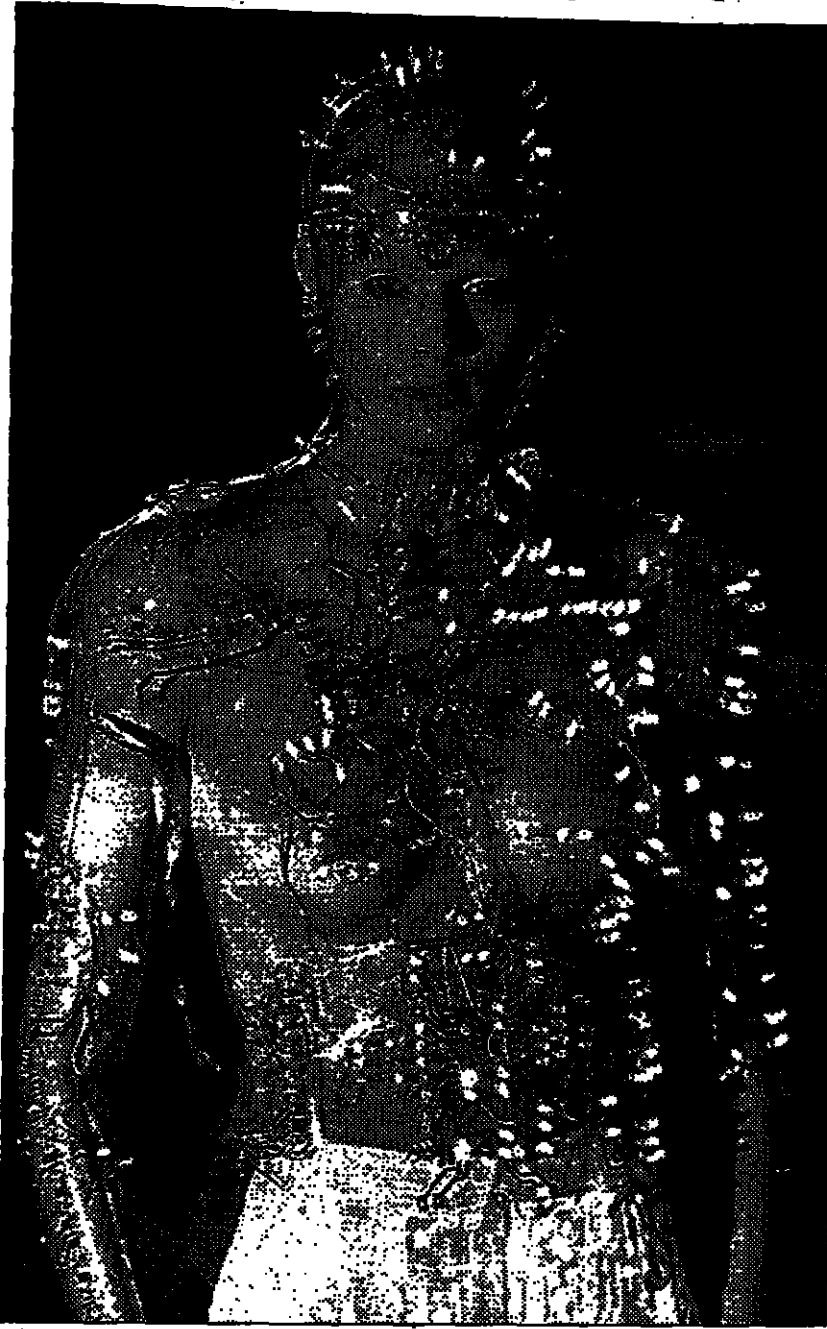


# Fashion

## Givenchy's Glitzy Space Odyssey

Futuristic Creations by McQueen Give Glamour a Rocket Boost

By Suzy Menkes



Givenchy's futuristic laser-light jacket and circuit-board pants.

**P**ARIS — Alexander McQueen has seen fashion's future — and it is wearing laser beams. The hard-edged futuristic show which the British designer sent out for Givenchy on Wednesday had all the cold, sparkling brilliance of a diamond — and it was the first of the fall season to address the year 2000.

McQueen made a bold statement about modern glamour, and if the spacey white and silver outfits traced with circuit-board patterns looked a little Star Trek — well, what a dizzying, dazzling space odyssey it was.

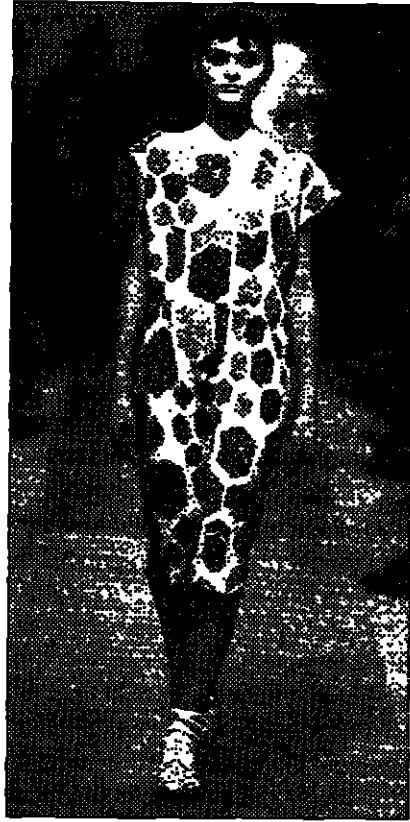
The show started with a witty touch: a Dalek voice ordered the audience to extinguish all cell phones as blue lasers illuminated in turn each letter of Givenchy. The finale had two models in jackets twinkling with electric bulbs as they walked down the mirrored silver runway.

McQueen's vision is laser sharp. Even discomforting hard. Whereas in his London show the designer emphasized his softer romantic side, here the show was based on linear tailoring in white or silver gray, the square shoulders sometimes star-dusted with beads or with geometric inserts that sectioned the body. They moved forward the Givenchy look precisely because everything was streamlined rather than complicated.

This empowerment dressing has its roots in earlier versions of futurism. In fact, transparent plastic raincoats and a red and white leather suit recalled the visions of Cardin and Courreges in the 1960s. But whereas futurism then projected an optimistic innocence, McQueen's version, with the models' albino pale faces and squared-off wigs, is harsher and sexier.

Couldn't this ice madam silhouette melt into something softer? McQueen did show slender, supple dresses in panne velvet with the circuit board patterns. Very occasionally, he flunked the math class as with a geometric jacket with asymmetric panels, but even that looked inventive, if not enticing.

In McQueen, Givenchy has the dream scenario: a 29-year-old designer with



Comme des Garçons' sequined patched dress; Ungaro's Bohemian chic coat; Chloe's lacy top with capelet.



boundless creative energy, a great sense of showmanship — and an ultra modern take on essentially classic clothes.

Other designers have also dealt in glamour. Stella McCartney's is of the subtle rock chick kind. But hey! She had the putative future Queen of England in her front row. And what else could Camilla Parker Bowles have been doing at Chloe than shopping for her trousseau?

A few little (very little) lacy something breasted the long runway, and the elegantly shod foot of Prince Charles's consort tapped to the rhythm. Then came something to accommodate the royal wave: a tailored coat with a wide kimono cape sleeve.

In fact, Parker Bowles's daughter

Laura was backstage helping to lever the models into their skintight jeans with tigers snarling on the back pockets and pulling up knee-high boots over the thick-ribbed socks. Poor lambs, they needed something to keep them warm, with all those barely there tops, swooping cowl necks and swags of beads airing the derriere.

McCartney's show rocked merrily on (and on) — with few ideas but enough energy to light up a disco. Heathy British tweeds have never looked so saucy as with those pants cupping the rear. There was a focus on the capelet, a currently hip accessory, made at Chloe in cloth, fluffy knit or crochet patchwork blankets like granny used to make.

McCartney makes a great deal out of

very little, but her mix of flea market style, French froufrou, disco dolly dresses and Sherlock Holmes tweeds seems to be working for Chloe.

Emanuel Ungaro's fast-paced collection was an ode to Bohemian chic. And who better than a master of mixed prints to drape swathes of rich colorful cloth? That was for the backcloth and for clothes that were multilayered and heavily embellished — yet done with a light hand.

With deliberately mussed-up hair, one strand creating a squaw band across the forehead, and multicolored feathers as earrings and necklaces, Ungaro crossed Gypsies with American Indians and had a lot of fun. Shearing coats, stenciled,

Continued on Page 24

## Minding the (Generational) Gap

Young Designers Shaped by Dark Gothic of '80s

By Richard Buckley

**P**ARIS — Jeremy Scott, who will close the latest round of international women's ready-to-wear shows Saturday night, is just one of a number of young designers with a median age of about 25, currently shaping fashion's future. The dark, gothic aesthetic of his contemporaries, Veronique Branquinho, Olivier Theyskens and Balenciaga's Nicholas Ghesquiere, for example, has had an enormous effect on many a runway this season.

Scott, an American designer, who was 23 when he presented his first collection, says a photo of the "Dynasty" actress Linda Evans climbing a rock in an evening dress and looking over her shoulder in terror was an early inspiration. "Tragic glamour," says Scott, "that sums it up." Although he has moved on since then (this is his fifth season), the image of Evans is pure '80s. What is considered retro for some, becomes a point of departure and reference for others.

In reply to media criticism of his show last March, Scott told Self Service magazine, "Anyway, a 60-year-old journalist is not going to have the same ideas and values as a 24-year-old, and that is just the way it is." Scott's remark was voiced less in bitterness than as a statement of fact.

Although the generation gap, as it used to be called, may appear to have narrowed, the rift has, in fact, grown wider. The parents of today's college students may share the same body-piercing and hip hop clothes as their kids, but the post-World War II value system that was instilled in them as children is as indelible on their psyches as freshly inked tattoos.

Like every age before, the culture and attitudes of today's young people have been shaped by, and are a reaction to, the world around them. Certainly designers in their twenties have grown up with AIDS and its impact it has had on sex, and from the nightly news to its romancing in pop culture, violence has set the tone in their lives. It is only natural that these circumstances should be reflected creatively in their designs. Even if it is unintentional, they are transforming that reality into their vision of what is modern and beautiful.

When recently asked about the influences of violence and sex in his work, Scott looked perplexed. A similar look of puzzlement came over the face of Belgian menswear designer Raf Simons, 31, when the same question was put to him. So what does make today's young designers tick? As Skye Edwards of Morcheeba sings on the group's latest CD: "I am the new, for reasons I can never explain." Historical analysis will only make it clear in retrospect.

In the postwar era, the parents of the baby boomers, who lived through and survived the Depression and World War II,



The American designer Jeremy Scott, 25, says his generation is influenced by images of the 1980s. The "tragic glamour" of the "Dynasty" actress Linda Evans, below, was an inspiration for his first collection.



optimistically embraced the future and new technology. Unfortunately, their notion that history had taught them how to reorder life and recognize the enemy left them frozen, like the townspeople in the film "Pleasantville," in an idealized black and white world.

Steeped in historical references, the generation that came of age in the late '60s and early '70s naively set out to overturn the system with their ideas, fashions and music. "We set out to change the world, but only changed ourselves," the rock star Curt Wild says at the end of the Glam Rock film "Velvet Goldmine."

"What's wrong with that?" asks the reporter Arthur Stuart. Gesturing at the banal inhabitants in the bar around them, the disillusioned Wild responds, "Look at the world."

**T**HE world, if one is to believe all of what one reads, sees and hears, has been going to pieces ever since. Everything, while becoming increasingly interconnected, has also become more fragmented. There are no constants, and there is certainly no black and white. Although the younger generation is just as bent on rebellion and dead set on breaking with the past as those that came before, they have replaced the idealism of their parents with their own brand of hard-edged cynicism. They do, however, have the same need to carve out and create their individual sense of style, identity and power. Paradoxically, as products of a consumer society, they may talk about individuality, yet wholeheartedly endorse validation through brand identification; whether it is the Nike swoosh, Louis Vuitton monogram, Gucci double Gs or Prada metal triangle.

While their parents wore clothes as a means of calculated provocation, the younger generation often uses design to create meaning through the subtlety of abstraction, a system of signs and the codification of cool. Aaron Betsky in "Icons: Magnets of Meaning," writes: "By misusing an object, layering it with our intentions, and reforming it in our lives, it can become a commentary on how we create sense within our world."

Although they often lack, a knowledge of historical perspective, young designers dismiss the past as irrelevant one minute, but feel free, not unlike the way contemporary DJs use sound, to sample fragments of everything that has come before.

"Try as I do to break out of the '70s," said Tom Ford after the Gucci show last week, "references from that time continue to influence my sense of beauty in ways I am not even

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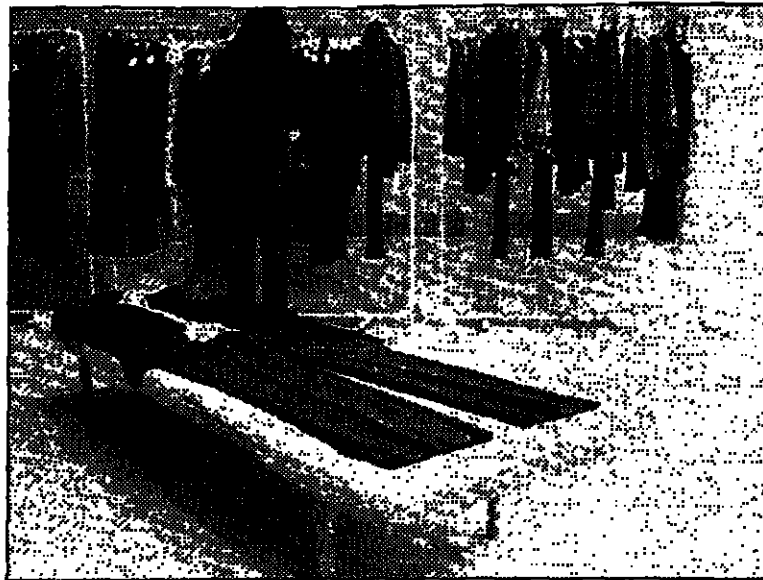


## FASHION / A SPECIAL REPORT

## A New Breed in Paris: Hyper-Realistic Designers



The ICB store, left, and display benches at Christophe Lemaire's boutique.



By Alicia Drake

PARIS — If there is a common link to the young designers working in Paris right now — Jeremy Scott, Bless, Gaspard Yurkievich, Sharon Wauchob — it is that they all belong to a school of hyper-realism.

"We are a grown-up generation," said Desiree Heiss, part of the avant-garde design duo Bless, who create limited-edition fashion objects and who this week launch their "Living/room conquerors" — garments for furniture. "Everyone is trying to survive. You start with all your creative ideas and a lot of idealism and then afterwards you realize to survive you have to be clever enough to combine it with a level of commercialism."

This new generation is not looking for backers (with the exception of Yurkievich who is financed by his entrepreneur brother), preferring instead to self-finance their houses through collection sales and consultancy work.

Scott has just signed a consultancy deal with the house of Trussardi to work on the T'Store, Trussardi Jeans and Trussardi Sport collections, while Jerome Dreyfuss, back this season after skipping a collection, works as a consultant at lines de la Fressange.

"A backer is a thing of the '80s. These days nobody is going to give you something for nothing," said Wauchob, who works one day a week as a consultant at the Louis Vuitton studio.

A graduate of St. Martin's fashion school, Wauchob moved to Paris four years ago to work as an assistant to Koji Tabano. She launched her own line last season, choosing to remain in Paris rather than return to London or her native Northern Ireland. "If I was in Ireland, I could have a nice big studio in an old converted church, but it would be so unrealistic," said Wauchob. "And London is great at the beginning, but for a young designer the next level up just doesn't exist there. Paris is where you are thrown right in to compete on the international market straight away."

Scott, 25, is contemplating his sixth collection and his future. "I feel like I have established an identity and an image and now I want to work on other parts of the house. Look at the commercial end and bridge the gap between the collection's creativity and its affordability, wearability and accessibility," he said.

RADICAL words from the man whose most infamous collection was a riot of 24-carat gold chain tops and lumpy but lavish miniskirts. But this is no about-turn, rather the next stage in a carefully planned and constructed career. As Milan Vukmirovic, the buyer at the Colette boutique, put it: "Right from the start, Jeremy has always had a strategy and that was to build a strong image first and make it profitable after."

What marks these young designers out is not just that they are competing on the international market, but that they are holding their own. They follow a generation of Paris designers



Sharon Wauchob: "These days nobody is going to give you something for nothing."

who never really sustained international attention nor graduated beyond the young designer tagline. Their growth was stunted by the acute mid-1990s recession, lack of financial investment, but also, according to Stephen Todd, editor of the new French fashion magazine, Numero, because they simply were not producing what was expected of Paris.

"On the international circuit, Paris has an image as a source of edgy, risk-taking fashion," said Todd. "The previous generation were producing very nice, not particularly adventurous, clothing, and it never captured the fashion pack's imagination. Now you've got designers like Jeremy who are really exploiting Paris's avant-garde image."

Not only is this new generation highly image-aware, but it is benefiting from a dramatic change in Paris fashion's infrastructure. "Before there was no commercial reality to fashion in Paris, there were just the fashion shows," said Yurkievich, whose spring/summer collection sold to five Paris boutiques. "Now Paris is no longer just a shop window for the world, there is a real curiosity on the part of boutiques and press which never existed before."

On the press scene, as alternative and influential magazines such as Purple Fashion, Self Service and Jalouse sprang up to champion and chart the new generation, so other existing magazines had to follow.

Meanwhile, Colette's opening two years ago was a retail watershed, not only in the direct boost it gave young designers (selling, exhibiting, showcasing them), but in the reaction it prompted among competitors. Maria Luisa Pomaillou opened both an accessories and menswear boutique. Kashiyama refurbished its Left Bank designer boutique, reopening under the new name of Onward, while the department store Printemps jumped fashion forward, pumping up its young designer offer and providing space for designers such as Scott and Yurkievich to show.

There are quite simply more means of support available to this generation: whether it is the fashion and art store L'Epicierie commissioning designers such as Andre Walker, Yurkievich or Erik Halley to design an exclusive piece for the boutique (L'Epicierie manufactures the product, they share the profits), or New Balance and Charles Jourdan donating 250 pairs of shoes each to Bless for their limited-edition "customizable footwear."

"Five years ago, there was a fear among designers in Paris of doing anything new. Fear of the expense, fear of the complications involved," said Colette's Vukmirovic.

Now designers are surrounded by lots of people of the same age with the same mentality, they are working with photographers, magazines, boutiques who support and push them. It gives them the confidence and motivation to succeed."

ALICIA DRAKE is a fashion and style writer based in Paris.

## The Boutiques With a Difference

By Pat McColl

PARIS — With monolithic international boutiques such as The Gap and Zara seemingly sprouting on every other corner of the city in an almost "David and Goliath" scenario, a handful of young designers are opening up shops that dare to be different.

"It's the moment to do something that's more than marketing; that's more personal," says Christophe Lemaire about his boutique at 36 Rue de Sevigne which opened last week. Lemaire was studying for a degree in decorative arts when, at the age of 19, he started to work for Thierry Mugler to earn money and, as he says, "discovered fashion."

After Mugler came apprenticeships at Michel Klein, Yves Saint Laurent and Christian Lacroix which Lemaire describes as his most formative experience. Since 1990, he has been on his own.

"I wanted a boutique that says 'Come in,'" he says about the light-filled space with clothes displayed flat on long, narrow wooden benches designed by an architect friend, Robert Carr.

Typical of his look is the transparent vinyl parka layered on a white shirt and easy chino skirt or the high-collared parka dresses, all in today's clean contemporary sportswear mood. In New York, his collection is sold at Barneys and Antique Boutique.

Just a few blocks away, on the corner of Rue Pavé and Rue des Rosiers, is another cool space for ICB, Onward Kashiyama's private label collection, originally designed by Michel Kors and now by a Japanese team.

The boutique, opened in mid-January, is the work of the Japanese architect Waro Kishi.

A long screen in galvanized steel slices the boutique in two. Hung against the screen are the collection's signature chalk-white chunky sweaters, while set into it are vitrines for small accessories.

Another young French designer, Isabel Marant, 30, chose

an out-of-the-way location at 16 Rue de Charonne near the Bastille for her boutique which opened a year ago. "I wanted it to be in a real neighborhood," says Marant who lives nearby.

She describes her look as "ethnic but without the folklore." Her shop has become a favorite shopping destination for Cher and the young French actresses Romane Bohringer, Emma de Caunes and Virginie Leduc.

Still on the Right Bank, at 16 Rue Montmartre, is Lena Brahm and at 44 Rue Etienne Marcel, Gas. The look and mood at both shops is definitely anti-sportswear.

Brahms, which opened last week, specializes in dress-up clothes: cocktail dresses or that brocade-laced corset over an ankle-length skirt — looks she hunts out from young designers.

"All my friends complained that they couldn't find these kinds of clothes at prices they wanted to pay. Now they can," laughs Brahm.

AS IS an offshoot of Andre Gas's costume jewelry boutique and, like Brahm, specializes in what he calls "mixes" with small series from English, American and French designers. On a recent trip to London, he discovered Gharani Strok's paisley print silk crepon long dresses and has recently added shoes from the American designer Sigerson Morrison.

And on the Left Bank, where that relentless gray and white message inundates boutique after boutique, there's the shock of vivid color at Antoine et Lili, 87 Rue de Seine, the third Paris boutique for the label.

Behind the label, which was created in 1993, is a team of young designers who fill the boutique with Mao jackets in hot pinks and oranges, floral-printed dresses and sarong skirts along with ethnic jewelry, African sisal rugs and raffia giraffes. None of the items are expensive and all are done in a spirit of fun.

PAT MCCOLL is a free-lance journalist based in Paris.

## Minding the (Generational) Gap

Continued from Page 23

conscious of." Ford, 37, says a woman 20 years older might think a "matched suit and perfect makeup pretty," but find his clothes for Gucci aggressive, while, he adds, he sees the vision of Alexander McQueen, a designer 10 years his junior, to be more extreme and violent than his own.

It only makes sense, for example, that Scott's clothes would be imbued with an abstract '80s sense of glamour and extravagance, as he grew up "watching bitch fights in eveningwear" on "Dynasty," but to be contemporary, he says, they must have an "urban reality." The '80s, he adds, was "the last time we looked to the future. When I look to the year 2000, I look to the future. My set of references and my reason for reacting are different." It is a given that someone 10 years younger than Scott might say that the '90s was the pinnacle of modernity.

"I feel a big difference in generations only if it is seven years," says Simons about his girlfriend Veronique Branquinho. Punk, which peaked in 1977, has been a constant design influence for Simons. "As a youth style," he says, "punk was the strongest ever visually. There were no limits, no strict codes for being a punk. You could interpret it on your own personal level." Punk style — once associated with anarchy, chaos and futurity — is now considered as quaint as Roaring Twenties flappers, who, in another time, were thought to be subversive.

Sexual attitudes have also radically changed. Monica Lewinsky's frank, and almost blasé, discussion of her sexual encounter with President Bill Clinton with Barbara Walters last week on ABC's "20/20" exemplifies just how relaxed her generation is to the subject. (She is 25.) It is hard to believe,



Gina Lollobrigida's voluptuous costumes shocked 1950s' sensibilities.

therefore, that in 1980 people found the Calvin Klein Jeans/Brooke Shields spot — "nothing comes between me and my Calvin's" — shocking. Or that the film "Solomon and Sheba," a 1959 sword and sandal epic that is now viewed as a piece of period kitsch, received a "condemned" rating by Catholic Life Magazine because its voluptuous star, Gina Lollobrigida, appeared in diaphanous gowns. Her costumes, which implied nudity and wanton behavior then, would be considered armor by today's standards.

STILL for all its apparent permissiveness, younger designers approach sexuality with a kind of detachment that is so different from that of the sexual revolution of their parents' generation. Look at the sheer dresses created last season by Nicholas Ghesquiere for Balenciaga, which are innocently monastic and witchy at the same time.

Or take Terry Richardson's images of a man and woman dressed in pink no less — enacting the Kama Sutra for the shoe designer. The emotional separation between Richardson's models is in sharp contrast to their blatantly sexual poses. Going beyond advertising, Richardson photos question today's values.

A similar argument could be made for "A Return to Modesty: Discovering the Lost Virtue" by Wendy Shalit, 23, who advocates that women take control of their bodies and find empowerment through abstinence from sex. Something as ancient as virginity is not only radical, but is the perfect example of how everything old is new again.

RICHARD BUCKLEY is fashion consultant at Dutch magazine.

## Givenchy's Glam Space Odyssey

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appliqued and trimmed with Mongolian lamb swung over lace tops and tiered skirts, the ruffled hemlines cascading over boots that would typically be in turquoise python smothered with roses. All this hippie madness recalled the spirit of Gucci and Marni in Italy, but Ungaro made it his own in this colorful collection that showed his mastery of luxurious fabrics and (occasionally) restraint. A black satin dress under a fringed embroidered shawl stole the show.

Who would have expected that Rei Kawakubo, the unyielding modernist with a reputation for dour black clothing, would challenge the concepts of what is glamorous?

"Transformed glamour" was the spirit of the Comme des Garçons shows, where sequined rompers glittered under wrap

dresses and where even stern Oxford lace-up shoes twinkled with rhinestones.

Kawakubo started up a new dialogue with the old vocabulary of sparkle, gleam and shine. The show opened with plaid — usually associated with clan rather than glam. But these tartan throws were draped artfully across the body, lapping the throat, fastened with the knit pins that punctuated the show.

For a more subtle touch of glitter, silver or gilt threads would run through the pinstripe or Prince of Wales suiting, socks brightly colored, the shoes in eye-popping black and white patterns.

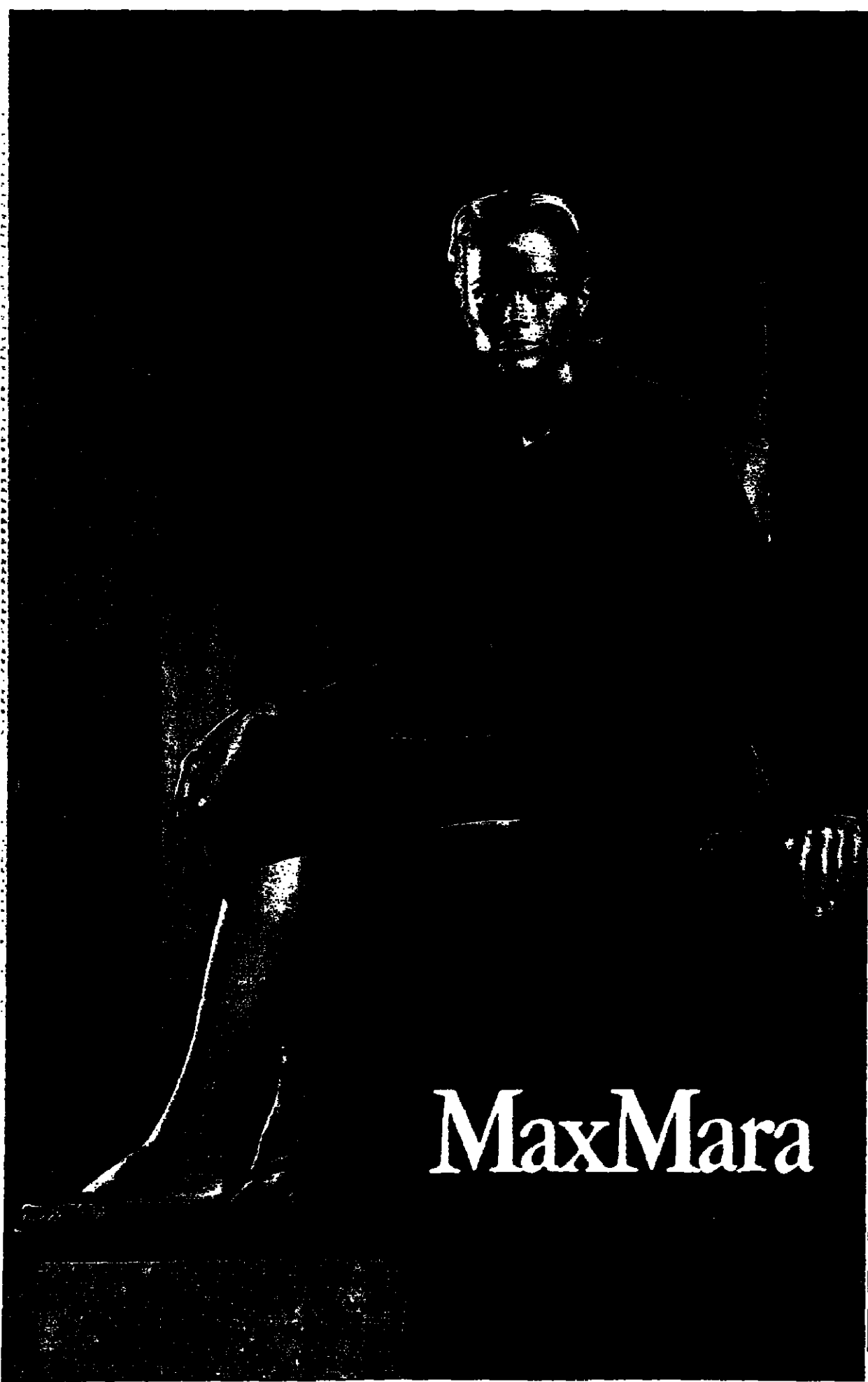
Kawakubo used other glamour symbols: giant pussy cat bows across the breastbone; puffed sleeves; a gilded Lurex two-piece, rescued from its usual auntie-of-the-bride context. And if you wanted a party frock to see out the century, there were simple sequined dresses with random patches of color or hot

scarlet and pink versions with crisp capelets in white shirting cotton. It is the mark of a great designer to use familiar things in a fresh way.

Belgian-trained designers tend to strike a good balance between the creative and commercial. Veronique Branquinho is growing fast and her show of distinctive modern pieces looked good. Here, the peasants were of the Bruegel kind: sober wool dresses set on a yoke; plain loden coats cut from a smocked shoulder; thick-knit leg warmers above flat cuffed boots.

The designer's forte is skirts. Out came soft dirmdls and Branquinho's signature pleats, caught up at one side with a strap. That repetitive detail might have seemed irritating, but it worked as a motif of freedom.

SUZY MENKES is the fashion editor of the International Herald Tribune.



MaxMara

مكتبة الأمل



FASHION / A SPECIAL REPORT

# The Return of Hippie Chic — With an Italian Twist

By Lucie Muir

**MILAN**—Cher's back—not only in the charts but also on the catwalk! But she has been tamed down, from screaming rock siren to sophisticated earth goddess, thanks to Milan's new look of hippie chic.

To get the mood, think San Francisco for flower power, Las Vegas for glitz, and Miami beach for color and skimpiness. Add an exotic cross of cultures, Tibet, Morocco and Africa, with eclectic fabrics and minimal cuts, and you have got it—hippie chic Italian-style.

Hippie girls yearn for individual handmade clothes rather than the obviously machine-manufactured pieces. The arts and craft movement is back in style. As a result, fabrics are hand-painted and lavished with sari sequins, colored threads and delicate brocades. With one of Europe's strongest artisan industries, it is no wonder that Italian designers are leading the aesthetic hippie movement.

For example, the rising star Maurizio Pecoraro has his luxurious womenswear cut and constructed by a team of craftsmen in his native southern Italy. In some cases, his hand-embroidered coats and dresses can take up to four days to construct.

Speaking from his Milan studio, where trinkets and threads from his recent travels twinkle on work tables, Pecoraro says, "In the 1960s and 1970s, Italian designers were famous for their sartorial talents. With hippie chic, we are showing once again our presentation skills in all that is handcrafted."

Great care has been taken in Pecoraro's limited edition, square-cut tops, that are handmade with antique Indian brocades. His soft pashmina dresses are combed against the grain and appliquéd with floral motifs and beads.

Consuelo Castiglioni, the queen of hippie luxe and creator of the Miami label, is no newcomer when it comes to bringing crafted feminine clothes to the fore. As the first Italian designer to bring the hippie chic style onto Milan's runways in 1991, Castiglioni's clothes revolutionized Italian womenswear by mixing exotic fabrics with a folkloric style.

She designs from the touch of a fabric. Cashmere, sable, pony skin and silk are her source of inspiration. From her Milan studio-cum-atelier, furs are stitched together by hand, and silk is hand-

painted with native prints. According to Castiglioni, there is a new demand for color and spontaneity in fashion.

"There is a new optimism," she says, adding, "It's all about a freedom of being, a riddance of precision and of old style structured clothes that are easy to wear."

Fresh back from a trip to Yemen, Castiglioni says hippie chic in the West is the result of a new desire to travel and learn more about other cultures. She puts ponchos, sari skirts and peasant tops at the base of her collections. "The key to making these styles look new is by renovating them with innovative fabrics, colors and prints," she says.

For a fresh take on old meets new, look no further than Pucci, the Italian design label created by Emilio Pucci in the 1950s. After its hippie heyday some

dreamy clothes." Pucci herself keeps a similar optimism. "Instead of restricting women, we can give them something to dream about with hippie chic," she said.

When it comes to dreamy ethereal clothes, the designer Alberta Ferretti gives a technical edge to natural fabrics in her favorite 1970s shapes: trapeze skirts, drawstring pants and flouncy dresses. Femininity, she says, is key.

"The new mood that surrounds hippie chic today reflects a need for interior and external peace, freedom of body and thought, the same desires which characterized the original hippie movement," said Ferretti. "Nowadays, women want to express themselves freely. They don't want to be burdened with uniforms," she added.

Ferretti is not alone in thinking that hippie chic marks the end of minimalism and the beginning of a new way of dress. Along with fellow designers, her preoccupation for hippie chic makes perfect sense. In her opinion, a new desire for color, freedom and perhaps even rebellion is what attracts Italian designers to the new look.

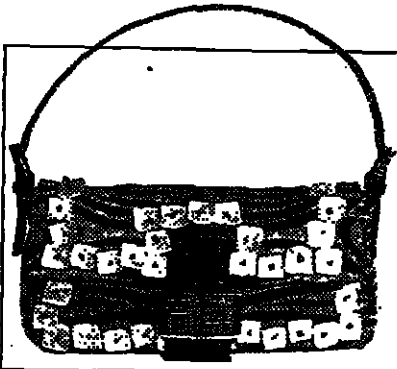
A color revolution is on at Fendi, where hot new shades have been added to its new hippiesque womenswear. When it comes to designing Fendi's accessories collections, Silvia Venturini has a canny knack of taking vintage styles from the Fendi archives and making them look brand-new, just as she has with Fendi's best-selling baguette bag. As fashion's current "in" bag, the baguette, named for the way it rests snugly under the arm, is a hit not just for its luxurious fabrics but for its one-off whimsical appeal.

"I thought it would be fun to choose decorative ethnic-folk themes as inspiration for the new baguettes," said Venturini of the new luxe versions in pony skin with mother of pearl.

"By adding such gems as pearls, Tibetan mirrors, strong colors, trimmings and threads, I wanted to show that even an alternative theme like hippie can also be a precious one."

As the first collections of the new millennium show, hippie chic marks the start of the new. Minimalism may be over, but the clear lines, simple shapes and good taste it left in its wake will be used by designers to elaborate on. Hippie chic is only the beginning.

LUCIE MUIR is a fashion writer based in Milan.



Fendi's baguette bag in pony skin with mother of pearl buttons.

30 years ago, Pucci is looking decidedly cool again thanks to the ongoing designer Stephan Jansen's input over the last two seasons.

Starting with the fall/winter 2000 collection, a new team of in-house designers, led by the creative director Laudomia Pucci, will take the Pucci label further forward. According to Pucci, women want comfortable clothes, with a sportswear practicality. "I would like to maintain a balance of old style Pucci with the new, in sexy proportions," she said.

Though the original West coast hippie look came slightly later in Italy, Pucci remembers how her late father was one of the first Italian designers to define it. Pucci said: "My father took the romantic side of the San Francisco hippie movement and interpreted it in feminine

## Eclectic Fabrics, Minimal Cuts And Exotica

Pucci's bikini top and hipster pants for a fresh take on old meets new.



Marni's white tunic top with flower motif over a long skirt.



A vest top over long drawstring skirt by Alberta Ferretti.

## Can Italy Houses Stay Alive?

### Succession Problems Make Them Targets for Acquisition

By Daniel Liefgreen

**ROME**—Dramatic changes are sweeping through Italy's predominantly family-owned fashion industry. Prominent ambassadors of made-in-Italy design—Giorgio Armani is the latest example—are wrestling with the dilemma of how to preserve their vast business empires when there are no heirs to carry the baton.

At the same time, there are a slew of other family-run fashion firms in which a second generation has already taken up the reins but faces formidable financial challenges in today's fiercely competitive global fashion market. These include houses such as Prada, Fendi, Ferragamo, Etro and Zegna.

Thus, it comes as little surprise that luxury goods conglomerates, such as France's acquisition-hungry LVMH Moët Hennessy Louis Vuitton, are eyeing the Italian fashion market. LVMH, which currently is fighting for control of the formerly family-owned Gucci group, reportedly is courting Armani.

Gucci is resisting the French assault. If LVMH were to eventually grab both the Gucci and Armani labels, it would snare Italy's top two fashion companies in terms of sales turnover.

Armani, who turns 65 in July, shocked the fashion world in early February when he disclosed that he is in contact with several Italian and foreign groups about "different forms of collaboration that can further increase the potential of the company."

Carlo Pambianco, who heads a fashion industry research firm in Milan, said that Armani has sufficient dimension and the financial resources to remain independent. "Armani doesn't need to go to the stock market for funds, it doesn't need liquidity. But he has a problem of succession."

Armani is not alone. Gianfranco Ferré, for example, owns 49 percent of the fashion group of the same name. But his Bologna business partner owns a stake of the same size and reportedly wants to sell out.

Pambianco estimates that 33 percent of Italian fashion companies are still first generation.

"Consolidation is taking place in all business sectors—telephones, chemicals, electronics, autos and banking, cosmetics," said Carla Fendi, who is one of the five daughters of Edoardo and Adele Fendi, who founded the leather and fur business in 1925. "It is normal that it occurs also in the fashion world, which today is no longer simply artisan but industrial. I would be worried if the consolidation did not happen in the fashion industry as well," said Fendi, who is president of its board of directors.

"Considering the acquisitions made by LVMH, I think that France has been more successful than Italy in forming a luxury goods strategy," said Fendi. "And this is due to culture. France has the cult of fashion and has always defended its fashion industry." Although more than 20 Fendi family members work in the business, she stressed that the "Fendi family management is flanked by capable nonfamily managers," as well.

At a restored Art Nouveau palazzo on the fringe of central Milan, a second generation of the Etro family is now fully involved in managing the fabrics, clothing and accessories firm started by Girolamo Etro, known as Gimmo, in 1968. Gimmo Etro, 59, is still active, and all four of his children are working there.

Ippolito Etro is the company's administrative and finance director. In an interview, he reflects his role of blending fashion and finance. He sports a wool pinstripe suit, but is tieless. He studied biology at a London college and earned a masters degree in economics from New York University. He said he found balance sheets more "stimulating than the laws that govern life."

"My father always told us that we could do what we wanted in life. But he said, 'If you work here, you have to start from scratch.' So he first worked in a warehouse and then opened the company's wholesale fabric offices in New York."

"The market is changing. For a long time, family companies survived with healthy profits and increased sales. But now sales are decreasing and profits are being squeezed," he said. "It is not a healthy environment for any company. Big

*'It is not a healthy environment for any company.'*

companies have more resources to get through this period. Size is important, but it is not the vital ingredient. We are all about products and brand identification. We want to add to trademark recognition."

The family occasionally has talked about a stock market listing, he said, but "I don't think that will happen. Having to answer to so many shareholders is a drawback. The family business is more of a long-term strategy. We want to keep growing gradually."

LVMH's leading shareholder and chief executive, Bernard Arnault, said in a recent Italian newspaper interview that the "the family-run company is no longer sufficient" to meet the demands of today's global fashion industry. He and others in the industry argue that fashion houses need size. Small is no longer beautiful, they say.

Giancarlo Giammetti, Valentino's long-time business partner, basically agrees: "In the 1990s, the fashion industry changed. You have to do everything from A to Z. You have to control everything from the design to selling to clients... and big capital is necessary."

"The problem of a family-run company was that too often you only had to think of tomorrow morning. Fashion is about egos. Our first goal always was to ask what is so-and-so going to write about the shows instead of thinking of ways to preserve the brand," Giammetti said.

He and Valentino began discussing the "succession" problem in 1996, and a year ago sold to the Italian industrial holding H&P, which also owns the sportswear maker Fila and the large textiles group GFT. "The choice to sell was a forward-looking decision," he said.

Giammetti said Valentino received several buyout offers from companies from France to Hong Kong. But, likening the Valentino label to a "jewel" that simply could not fall into foreign hands, he said they wanted to remain Italian-owned.

What has changed for Valentino now that it is part of a large industrial holding company? Giammetti, who also sits on the H&P board, said Valentino's creativity remains the same. "But working for a public company does have an impact. Budget decisions, board decisions, sometimes all of this weighs on flexibility," he said.

**A**RMANDO Branchini, deputy chairman of the Milan luxury goods consulting firm Intercompany, said: "Designers have had to become entrepreneurs, able to manage brands. The skills needed are much more vast. They became producers of products, retailers and licensors. And now with the Asia crisis, they have had to become financial managers as well."

Santo Versace clearly resents the LVMH assault. "LVMH really is like a family company," he said, "because it has one dominant shareholder—Mr. Arnault."

Still, he concedes that Italian fashion groups today need critical mass to survive.

The Versace group had decided to go public and float shares on the stock market, but the plan was put on hold after Gianni Versace's murder in July 1997.

"It is not important if the company is family-owned or a public company. It is important that the company functions," said Versace. "The soul of the company is the brand."

The Versace ownership structure is complex. Gianni Versace surprisingly left 50 percent of his shareholding to the young daughter of his sister Donatella. That has opened up a series of legal and tax issues that still have to be resolved.

The stock market listing is not on the cards now, Santo Versace said. The main challenge facing the Versace business, he says, is moving forward "without Gianni Versace."

Santo Versace last fall made a provocative proposal to confront the generational problem facing Italian family-run fashion companies. He proposed creating an Italian fashion superholding company that would rival LVMH. "It could be the ideal solution for those who have succession problems, for those who do not have heirs in their company," he said.

He added: "We are ending the century and Italian fashion is one of the most beautiful things we have created. How can we perpetuate this?"

DANIEL LIEFGREEN is a Rome-based special correspondent for the International Herald Tribune.



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**WORLD ROUNDUP**

**Yankees' Manager Has Prostate Cancer**

**BASEBALL** Joe Torre, the manager of the New York Yankees, has prostate cancer and has left the World Series champions to undergo treatment, the club said Wednesday.

There was no immediate word on how advanced the disease was or how long Torre would be away from the team. The Yankees did not say who would manage in Torre's place or what his treatment would be.

"I feel fine, and I am looking forward to taking care of this problem and getting back to work," the 58-year-old manager said.

Prostate cancer is second only to lung cancer among cancer killers of American men, taking about 40,000 lives annually.

Mary Levy, the former coach of the Buffalo Bills, underwent surgery for prostate cancer during the 1995 National Football League season and, at age 70, was back coaching within a month.

Torre has a 302-184 record with the Yankees and won two World Series championships in his first three years as their manager. Last year, Torre led New York to 114 regular-season victories, an American League record, and the club swept the San Diego Padres in the World Series. (AP)

**Japan and South Korea Want More Cup Matches**

**SOCCER** Japan and South Korea want to add matches to the 2002 World Cup to increase revenue. The joint hosts are to present FIFA, the governing body of world soccer, with a new format Thursday. Under the proposal, the 32 teams would play a total of 76 matches, up from 64 in France last summer.

The new format would involve replacing the second-round and quarterfinal knockout stages with a second phase of group matches.

Arsenal scored three times in the last three minutes Tuesday to beat Sheffield Wednesday, 3-0, and rise to second place in the English Premier League. Dennis Bergkamp scored twice and Nwankwo Kanu scored once as Arsenal closed to within four points of Manchester United.

Sylvain Wittord scored twice as Bordeaux won, 3-2, in Nancy on Tuesday to retake first place in the French league from Olympique Marseille, which drew, 0-0, at Sochaux. (Reuters)

**Contenders Stumble**

**TENNIS** Yevgeni Kafelnikov and Pat Rafter, two of the four men who entered the Newsweek Champions Cup with a chance of pushing Pete Sampras out of the top spot in the rankings, lost in second-round matches Tuesday. Kafelnikov, the No. 2 seed, fell to Gustavo Kuerten of Brazil, 6-6, 7-6 (7-4), 6-3, in Indian Wells, California. Rafter, seeded No. 5, was upset, 7-6 (7-2), 3-6, 7-5 by Nicolas Pietrangeli.

In a parallel women's competition, the Evert Cup, Jana Novotna, seeded No. 4, and Steffi Graf, the No. 5, advanced to the quarterfinals. Novotna beat Brie Rippner, 6-1, 6-4, and Graf eliminated Ai Sugiyama, 6-0, 6-1. (AP, Reuters)

**English Soccer Needs A Lesson in DiMaggio**  
**Fowler and Le Saux Lost Control on Field**

By Rob Hughes  
International Herald Tribune

**NEW YORK** — Do the modern superstars possess any idea of what makes an athlete an icon? New York is a city draped in mournful respect for Joe DiMaggio, the New York Yankees who managed the near impossible. He had a short-lived marriage to Marilyn Monroe yet preserved a cloak of

**VANTAGE POINT**

discretion around his private life and his personal thoughts about how other men, other players, conduct their affairs.

I wish his example could penetrate the egotistical existence of soccer players back in my homeland, players such as Robbie Fowler of Liverpool and Graeme Le Saux of Chelsea, who last week descended into a public disgrace that spanned just about everything from implications of homophobia to displays of petulance that would not be tolerated in kindergarten.

They are both England international players, both millionaires, both known for their skill but also for their irresponsibility. But what happened in a public place, on a soccer field where they knew any of 16 television cameras was bound to capture their misbehavior, was that they lacked the very thing that made DiMaggio such a revered figure — they lost self-control.

Fowler is a sublime goal scorer, a gifted young man. He can score with an instinct quicker than men can think and make the act look graceful, even artistic. Yet even a year lost to injury, even the willingness of his Liverpool club to pay him \$50,000 a week while the doctors nursed him back to athletic excellence, did not apparently drive some sense, some respect, into his brain.

He came back this season none the wiser. Last week, in front of 40,000 spectators and millions watching around the world, he taunted Le Saux verbally and with an explicit sexual gesture, clutching his buttocks and wiggling his backside at the player who is an England colleague, but that day was playing for Chelsea and was thus, in Fowler's simple mind, an opponent.

The laddish culture of English soccer appears to have bred into Fowler the notion that, if he can rile an opponent, any opponent and put him off his game, that is a legitimate tactic. So, fueling the gossip that Le Saux is gay, the foul Fowler turned his backside and allegedly uttered invitations too lewd to repeat in a family newspaper.

Le Saux complained to the referee and the linesman, who ignored his protestations. So, when Fowler repeated his jibe, Le Saux hit him with an elbow to the back of the neck. The officials saw this. They cautioned and they lectured but they left it at that.

Television, of course, did not. It analyzed, through slow motion and commentary, the motive and the misbehavior. The English Football Association is now, inevitably, deliberating on how to punish the pair who brought their game, their lucrative living, into disrepute.

Le Saux is also a well-known hot-head. He tackles impetuously, he overreacts, he revels in being "different" from the drinking classes of which Fowler is a well-known member.

Is he also gay? Should we even be discussing that? Do we learn nothing from the way DiMaggio proved it is possible, even desirable, to have a

private life and to be a public icon? "Everybody's sexuality is their own business," said Brendan Batson, the deputy chief executive of the English Professional Players Union. "Each player has to be accepted for what they are, and Le Saux is a married man with a baby daughter."

The statement added nothing useful to the debate. The nub of this situation is that Le Saux is different. He comes from the Channel Islands between England and France. He reads the Guardian, a left-of-center quality newspaper, rather than one of the tabloids popular with soccer players. He places himself apart with his apparently loftier interests. Where English players conform to an almost military homogeneity of trash paper reading and laddish drinking, Le Saux is consciously different. A more refined man, if you like, yet one who struts his "superiority."

The Le Saux situation has been going on for years," said a former teammate from Blackburn Rovers. "Everyone knew he wasn't homosexual, but he had a different attitude. His reputation preceded him there as an arrogance to him that made you want to throw one at him."

He also was contradictory because, in the heat of battle, he would kick out petulantly, and sometimes with the intention, in the soccer vernacular, of letting a gifted opponent know he was there. In plain language, he tries to intimidate. The crux of this wretched public incident is that class difference still bugs English soccer. Le Saux affects an education. Fowler, the son of an unemployed Liverpool dockworker, proud of his streetwise background and his lippy proactiveness is "one of the lads."

The English soccer authorities represent the rule of order and decency in a game that hooks its followers mighty young. They have here two young bucks, players from different sides of the tracks, who should have a common interest in the game they play — sometimes together. They appear to accept the millions soccer gives them without accepting responsibility.

Before March is out, Fowler and Le Saux are likely to be called into the same squad to represent their country, England, in a crucial European Championship qualifying game against Poland. They will live together, train together, line up together if chosen and attempt to win together.

The English Football Association must sort out the issue before Kevin Keegan, England's new and temporary head coach, tackles the two misfits in the one dressing room. Whatever is decided, it is clear that we are not dealing with a pair of DiMaggios.

The most precious thing a sportsman can be in death as in life is an example to his fellow men. Joltin' Joe was that and more, and the affection he leaves behind should be bottled and sent at once to the England locker room at Wembley Stadium. I'll volunteer to take it there.

Rob Hughes is chief sports writer of The Times of London.

**Parma Wins Despite Ronaldo**

Enrico Chiesa and Juan Veron scored as Parma survived the return of Ronaldo to beat Inter Milan, 2-1, on Tuesday and earn a place in the Italian Cup final, Reuters reported from Parma, Italy.

Ronaldo, who had last played on Jan. 17, showed some fine touches in a 30-minute second-half appearance, but he could not stop Parma from sealing a 4-1 aggregate victory.



Lasse Kjus racing down the mountain Wednesday to win the last World Cup men's downhill of the season.

**Kjus Passes Aamodt in Race for Skiing Title**

Compiled by Our Staff From Dispatches

**SIERRA NEVADA, Spain** — Lasse Kjus won the last World Cup downhill race of the season Wednesday to edge closer to his second overall title.

Kjus added 100 points to his season total, giving him 1,359 and enabling him to overtake another Norwegian, Kjetil André Aamodt, in the overall standings. Aamodt placed fourth Wednesday, picking up 50 points for a total of 1,317 in the four disciplines — downhill, slalom, giant slalom and super-G. The three remaining races this week will decide the overall champion.

Kjus was already assured of first place in the downhill standings. He finished with 760 points, comfortably ahead of Andreas Schifferer of Austria, who had 438.

Kjus's time Wednesday was 1 minute, 49.73 seconds. He was followed by Chad Fleischer of the United States in 1:49.89, and Andreas Groenqvist of Norway in 1:50.00 and Aamodt in 1:50.02. Neither Fleischer nor Groenqvist had finished in the top three before.

Hermann Maier of Austria, the overall champion last year, finished tied for ninth and has 1,271 total points.

In women's skiing, Alexandra Meissnitzer, the Austrian who wrapped up the overall World Cup title last week, won the downhill Wednesday for her eighth World Cup victory of the season. The triumph lifted her to second in the final downhill standings with 468 points, 14 ahead of Michaela Dorfmeister but still far behind the winner, Renate Goetschl, who finished the season with 610 points. (AP, AFP)

**A Bicycle Team Claws Its Way Back**

By Samuel Abt  
International Herald Tribune

**VICHY, France** — His star climber was led away from the last Tour de France by the police and accused of using illegal drugs. His sponsor cut his budget by a third and announced that it was withdrawing at the end of this season. Many of his best riders signed with other teams.

Why is this man smiling? For one reason, because this man is Vincent Laveau, who tends to smile a lot generally. And, for another, because he may be right when he says that it's always darkest before the dawn.

As a bicycle racer himself a decade ago, Laveau kept smiling even when his results were minimal. He loved the sport, and when he won his first race at the age of 32, when most riders are ready to retire, he said his career was just starting.

It wasn't, of course. So Laveau became a directeur sportif, putting together low-budget teams with an emphasis on teaching young riders. He has a good eye for talent, and his enthusiasm and patience overrode many flaws in his roster.

In one minor race after another, one season after another, Laveau dreamed of the big time for himself and his team. In the meanwhile, to keep hanging on, he found bizarre sponsors — packagers of sliced meat, manufacturers of children's cosmetics — and even raised money by exhorting members of the public to send contributions and thereby win a chance to ride in the team car at some barely known race in deepest Brittany.

Three years ago, bingo! Laveau jumped from a \$2 million annual budget, peanuts in the sport, to triple that when he signed a contract with the Casino chain of supermarkets. In the big leagues at last, he spent his money carefully, bringing in veterans from Italy and Switzerland to mix with his young talent. In its first season, Casino had a good year, winning 26 times and moving from the 26th team ranking to 12th. In its second season, life turned fantastic: Laveau's riders won 66 races last year, became the second-ranked team and — what he liked most — shared the victories among more than a dozen of his 22 riders. "That's a team," he said, "not just a star or two."

The drug scandal in the Tour de France changed all that. Dismayed by the bad publicity surrounding the arrest of Rodolfo Massi, the star climber, and the fact that the Casino team is still under official investigation, the sponsor cut back and the veterans left. Alberto Elli went to Telekom, Jacky Durand to Lotto, Bo Hamburger to Cantina Tollo, Rolf Jaermann to Post Swiss, Pascal Richard to Mobilvetta and Massi to Liquigas.

Back at square one, the 42-year-old Laveau signed only four replacements — three of them untested riders — cut his roster to 16 men, began to search for a new sponsor and kept smiling.

"You see, I have something to smile about," he said at the start of the weekend Paris-Nice race on Sunday. Already this season, which began last month, his riders had scored six victories. "Small victories, yes," he admitted. "The big races are still ahead, but

we're off on the right foot. That makes it easier to talk to a prospective sponsor."

His biggest talking point was his star recruit of last year, Alexandre Vinokourov, a 25-year-old Kazakh whom Laveau discovered at the end of the 1997 season. In his first year as a pro, Vinokourov won the Quatre Jours de Dunkerque, the Tour de l'Oise and the Circuit des Mines. In February, he won the Tour de Valencia in Spain. "A diamond," Laveau said of the rider. "And ambitious."

Although Vinokourov started Paris-Nice among a handful of favorites, he crashed near the end of the second stage, on Monday, and could not start Tuesday. "A broken collarbone," Laveau reported that morning. "He'll be out three weeks to a month. That's a real setback for him and for us."

Laveau looked glum, then brightened. "Life goes on," he decided. "We have other riders who will be heard from. This is a team, not just one man."

Six hours later, the pack arrived together in Nevers, rode two circuits of the city and then tore toward the finish line in a mass sprint. The first man across was Jann Kirsipuu, an Estonian with Casino, and the second man was Stephane Berthe, a Frenchman with Casino. Laveau's men had pulled off a rare double.

Then, on Wednesday, the winner in Vichy, after a long breakaway, was Laurent Roux, a Frenchman with — who else? — Casino. Two other Casino riders also finished in the top 10.

Both days, when he crossed the finish line in his team car, Laveau was wearing an ear-to-ear grin.

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## SPORTS

# Suns Glide Past Mavs On a Slippery Surface

## Phoenix Victory Is 8th Straight Over Dallas

The Phoenix Suns didn't let a victory slip away. After a 70-minute delay because of a slippery substance on the court at the arena, the Suns got their eighth consecutive victory over the Mavericks and their 25th in 27 games against Dallas, 103-91, on Tuesday night.

"It looked like we were playing in our socks at first, but once the guys got it out of their heads, they went ahead and played and didn't think about it much," the Phoenix coach, Danny Ainge, said. Dallas officials were baffled about how the substance got on the floor. Coach Don Nelson said: "I heard there were go-cars on the floor and they spilled some residue. We aren't sure. The floor was just barely playable. In the first half, it was not a normal NBA game."

The game was able to continue after the arena's maintenance crew managed to get the substance cleaned up, restoring normal traction to the playing surface.

George McCloud, Tom Gugliotta, Jason Kidd, Danny Manning and Luc Longley all scored in double figures for the Suns. McCloud led the team with 17 points.

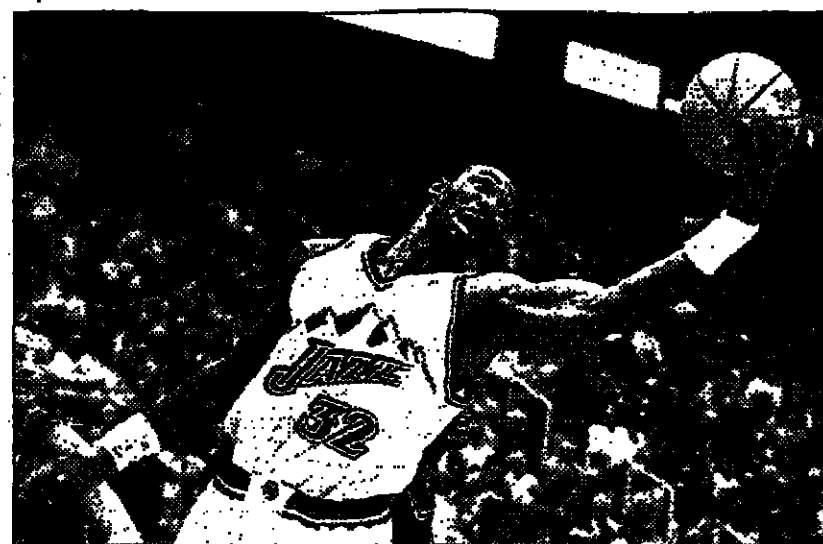
Lakers 103, Clippers 99 Shaquille O'Neal had 31 points and 12 rebounds, and Dennis Rodman had a season-high 20 rebounds as the visiting Lakers extended the Clippers' losing streak to 16 games, one shy of the league record for losses at the start of a season.

The Clippers, who also lost 16 games at the beginning of the 1994-95 season, can tie the record set by Miami in 1988-89. The Lakers are 7-0 with Kurt Rambis as head coach and Rodman as one of his players.

"I think we played our best game," said Lorenzen Wright of the Clippers, who had 11 points and 10 rebounds before fouling out with 5:46 left. "If we continue to play like this every night, there's no way we're going to continue to lose."

Hornets 105, Celtics 87 J.R. Reid led seven Charlotte players in double figures with 26 points, and the host Hornets made a winner of their new coach, Paul Silas.

Silas, appointed the team's interim coach following the resignation of Dave Cowens on Sunday, was making his first appearance as an NBA head coach in nearly 16 years. His Charlotte debut came against the team with which he spent much of his playing career, helping the Celtics to NBA titles in 1974 and 1976.



Karl Malone of the Jazz going after the ball in the first half against the Cavaliers. Malone scored 21 points as Utah defeated Cleveland, 88-75.

Knicks 88, Bulls 86 Dell Curry hit a 3-point shot with 3.4 seconds left as Milwaukee won in New York.

Latrell Sprewell, the Knicks' star guard, left Curry wide open for the game-winning shot and missed an open jumper at the buzzer that would have won it for New York.

Trail Blazers 103, Kings 99 Isaiah Rider scored 21 points and Brian Grant had 19 points and 11 rebounds as Portland beat Sacramento for its eighth straight victory. The Blazers improved to 9-0 at home.

Jazz 88, Cavaliers 76 Karl Malone scored 21 points and Adam Keefe scored 15 for Utah as the Jazz won their eighth of nine home games this season.

Timberwolves 85, SuperSonics 84 Kevin Garnett won the game for Minnesota with a one-handed dunk with 18 seconds left, handing visiting Seattle its fourth straight loss.

Seattle 87, Knicks 86 Toni Kukoc scored 28 points and Ron Harper missed just one shot in the first half on his way to a season-high 25 points. All five Chicago starters finished in double figures in the Bulls' first 100-point game of the season. The Bulls led the ninth time in 10 games and are 1-8 on the road.

Rockets 84, Nuggets 74 In Houston, the Rockets beat Denver for the eighth straight time. Hakeem Olajuwon had 20 points and Scottie Pippen scored 10 of his 17 in the fourth quarter.

Warriors 92, Grizzlies 82 Donyell Marshall scored 20 points and Erick Dampier and Bimbo Coles had 17 apiece as Golden State won its sixth straight home game.

# Endangered Coyotes Ripped by Sharks, 4-2

The Phoenix Coyotes continued their late-season swoon, losing for the 10th time in 12 games.

The Coyotes got only 15 shots on goal as they lost, 4-2, in San Jose on Tuesday night.

Bryan Marchment, Owen Nolan and Mike Ricci scored third-period goals to

give the Sharks the victory that kept them two points ahead of Calgary in the race for the eighth and final Western Conference playoff spot.

The Coyotes, who have lost four straight road games, remained fourth in the conference, three points ahead of Anaheim.

Islanders 2, Flyers 2 Philadelphia is also slipping. The Flyers' winless streak was stretched to eight by the host Islanders. It was the Flyers' third consecutive draw.

The Flyers remained fourth in the Eastern Conference, three points better than another struggling team, the Penguins.

Devils 3, Penguins 2 In Pittsburgh, the Penguins, who have won only twice in 11 games since their 10-game winning streak was snapped, lost to New Jersey.

Part of Pittsburgh's problem has been injuries to some of its top players, including the goalie Tom Barabak and the defenseman Kevin Hatcher and Darius Kasparaitis.

Petr Sykora scored one goal and set up another as New Jersey scored three times late in the first period. Martin Brodeur won his 30th game, becoming the sixth goalie in NHL history to post four consecutive 30-victory seasons.

Bruins 2, Panthers 0 Ray Bourque had a goal and an assist, and Byron Dufoe made 19 saves for his seventh shutout of the season and the 14th of his career as Boston beat visiting Florida.

Avalanche 3, Capitals 2 Sandis Ozolins scored just 19 seconds into overtime as Colorado won for the second straight time without three of its top stars.

Chris Drury and Adam Deadmarsh scored in the second period as the Avalanche improved to 3-1 on their current road trip, even though their lineup was missing the goalie Patrick Roy, the center Peter Forsberg and the winger Theodore Fleury.

Maple Leafs 6, Lightning 1 In Toronto, Sergei Berezin made his 200th NHL game memorable with two goals, and Curtis Joseph stopped 39 shots in the Maple Leafs' victory over Tampa Bay.

Flames 7, Blues 4 Rene Corbet scored twice and had an assist as Calgary overcame a two-goal deficit to win in St. Louis.

Kings 4, Red Wings 2 Ian Laperriere broke a 2-2 tie in the second period, leading Los Angeles over visiting Detroit. Detroit's Igor Larionov tied the score with two goals in a seven-minute span before Laperriere scored the tiebreaker.

## SCOREBOARD

### BASKETBALL

#### NBA STANDINGS

Team	W	L	Pct	GB
Atlanta	12	3	.800	0
Orlando	10	5	.667	2
New York	10	5	.667	2
Philadelphia	10	5	.667	2
Washington	7	10	.412	6
New Jersey	3	14	.176	10

#### WESTERN CONFERENCE

Team	W	L	Pct	GB
Utah	14	4	.778	0
San Antonio	11	8	.579	3
Phoenix	10	8	.556	4
Seattle	9	9	.500	5
Portland	7	11	.389	7
Denver	6	10	.375	8
Vancouver	4	13	.231	10

#### PACIFIC DIVISION

Team	W	L	Pct	GB
Portland	14	4	.778	0
Los Angeles	10	8	.556	4
Phoenix	10	8	.556	4
Seattle	9	9	.500	5
Sacramento	9	10	.476	6
Golden State	6	10	.375	9
L.A. Clippers	0	15	.000	15

#### CENTRAL DIVISION

Team	W	L	Pct	GB
Minnesota	16	2	.889	0
New York	14	2	.857	2
San Antonio	12	4	.750	4
Phoenix	10	6	.625	6
Portland	9	7	.563	7
Seattle	8	8	.500	8
Utah	7	9	.438	9
Denver	6	10	.375	10
Vancouver	4	13	.231	12

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Denver	6	10	.375	8
Vancouver	4	13	.231	10

## BASEBALL

### EXHIBITION BASEBALL

#### TUESDAY RESULTS

Team	W	L	Pct	GB
Atlanta	12	3	.800	0
Orlando	10	5	.667	2
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#### PACIFIC DIVISION

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## ART BUCHWALD

## See Hillary Run

NEW YORK — If Hillary Clinton runs for senator from New York, I believe I could be of some help.

When Bobby Kennedy decided to run, he did not know too much about the Empire State.

I'm proud I was the one who pointed out to him that Manhattan is located with the Hudson River on one side and the East River on the other.

"But," Kennedy said, "that would make Manhattan an island."

Because I gave him this critical information and he used it in his campaign, he won the election.

With my credentials I would like to give Mrs. Clinton information on the state she would be representing.

New York has a population of 7 million people, give or take several million. If you include Albany and Buffalo, a large portion of its population lives in New Jersey because that is where New York's professional football teams play.

There are five boroughs in New York City, if you count Staten Island, which nobody counts.

New York's main product is garbage. It produces more garbage than any other state and as much as Japan. The job of a senator from New York is to persuade the Commonwealth of Virginia to take its garbage.

If not Virginia, the next best prospect is South Carolina.

The biggest problem Mrs. Clinton will have is speaking the New York dialect. Berlitz offers a deep compression course in New Yorkese, and after three weeks if you still speak like a first lady they will refund your money.

What can a Senate candidate offer New Yorkers that they don't have already? Not much. New York City has more than enough gridlock, and Buffalo has more than enough snow. I'll admit the Hudson River is no White-water, but it's getting almost clean enough to swim in.

Please announce you will run, Mrs. Clinton. The press needs you more than ever since your husband is no longer in the papers.

## Odd Odyssey of a Children's Book

New York Times Service

MEXICO CITY — There is a surprise in "The Story of Colors," an eye-catching bilingual children's book about Mexican gods who took a gray world and filled it with brilliant hues, which won a grant from the National Endowment for the Arts.

Its author is Subcomandante Marcos, the political and military mastermind of the Zapatista guerrillas of southern Mexico. On the inside flap, he appears in a photo with a black ski mask hiding his face.

On Tuesday, the chairman of the endowment, William Ivey abruptly canceled the grant for the book, overruling a yearlong grant approval process. He said he was worried that some of the endowment's funds might find their way to the rebels.

"This is spineless," said Bobby Byrd, a poet who runs the house in El Paso that published the book.

By Rita Kempley

Washington Post Service

WASHINGTON — Nancy Savoca, a prisoner of Hollywood's lipstick ghetto, realizes she hasn't helped her cause any with the girls-only label of her newest film.

"I don't think many guys will pick up a newspaper and go: Ooh, gotta go see that '24 Hour Woman,'" the 39-year-old filmmaker says.

Yep, it sure sounds like a chick flick from Hell: Feel my pain, hear my cry, see me roar. And truth be told, "The 24 Hour Woman" is driven by a frazzled femme (Rosie Perez), whose pregnancy becomes the focus of a morning television show that her husband (Diego Serrano) hosts and she produces.

Following the blessed event, Perez cracks under the pressures of pleasing her husband, nurturing her child and pursuing her career. Just when she needs him most, Serrano flies off to Los Angeles to star in a manly action adventure. Perez stays home and learns to work her breast pump.

Savoca, the mother of three, makes no attempt to pamper pre-gest viewers with a rosy picture of postnatal bliss.

"I wanted to deal with all those things that nobody talks about," she says. "After giving birth, I was shellshocked. I thought it was all going to be wonderful. Then suddenly there's this colicky thing. I felt like: Who is this monster? This was living inside me?"

Visions of Medea and "Mommie Dearest" danced in her head. But after talking to other parents, she discovered that many of them shared her feelings. "It was only then that I felt better. I had to put that up on a screen even if it's not acceptable, even if it's not commercial."

The idea might have been fresh when first conceived by Savoca and her husband, Richard Guay, some 15 years ago. But since then, Hollywood has burped up count-



Rosie Perez and Marianne Jean-Baptiste in a scene from "24 Hour Woman," by Nancy Savoca, right.



Adrian W. Garmy/ESP Pictures

less baby freak-out movies, including "Mr. Mom," "Three Men and a Cradle," and "Baby Boom." Major studios passed on Savoca's project, citing too many similarities, especially with Diane Keaton's 1987 "Boomer."

"That was annoying," snaps the voluble redhead, "because how many movies about a male midlife crisis have we seen, how many movies about men who rob banks, how many movies about buddy guys on the road? What? Like we can't have more than one movie about a woman who has a kid?"

The daughter of a Sicilian father and an Argentine mother, Savoca grew up on Old World family values in an Italian neighborhood in the Bronx. Her films generally reflect the ethnicity of her upbringing as well as her rebellion against its strictures.

In her 1989 debut, "True Love," she followed the misadventures of a young Italian American couple with prewedding jitters. Savoca, who married Guay when she was 20, describes the movie as a documentary based on

their own and close friends' experiences.

A week after their wedding, Savoca started film school at New York University, where Guay was studying business. She borrowed the tuition money and worked as a cashier. Guay worked at a deli. After graduating in 1984, she went to work as a production assistant on John Sayles' "The Brother From Another Planet." Though he didn't pay for her work, Sayles became a mentor and helped finance "True Love."

"The 24 Hour Woman," which her husband co-wrote and produced, is the couple's fourth collaboration. Their other films are 1991's "Dogfight," a touching Vietnam era romance about inner beauty, and 1993's "Household Saints," an adaptation of Francine Prose's novel about three generations of Italian American women.

Although fathers, sons and lovers are portrayed with complexity, eloquence and sympathy, Savoca is "the quintessential independent woman filmmaker," says Sara

Goodman, executive director of the New York Women's Film Festival.

Savoca has mixed feelings about the gender-related accolade: "I think the category of 'woman filmmaker' exists, and unfortunately isn't going to go away. We're put in a corner. The scripts that I'm offered now are romantic comedies. This is what we're supposed to know how to do, like it's gender-encoded. It's hard, too, because I don't do action. I wish I did, because then I could kind of like stick it to them."

So, why not do it? "You just can't take on anything," Savoca says. "You've really got to love what you're doing. I could convince myself that I really liked the project, that I could do big-budget things and actually do a little ironing on the woman director thing, but the problem is I've also got to convince a cast of actors that I love being there. I've got to convince the crew I love being there."

"I've got to have enough energy in me to argue with executives over all the changes I want," she con-

tinues. "There's so much that goes into making a movie, and it's almost a two-year process. So I have to really in some way believe that I'm doing the greatest movie on earth — which I've always felt every time I've gone out and made my movies. Whether other people agree or not, I feel like I'm doing something great. And that's why I get up in the morning. But it's different if you take something for a paycheck."

Not that she has any fantasies about low-budget filmmaking.

"People think it's great and it's not. Oh, I am so sick of that attitude: 'We did it for \$100,000.' Poverty isn't cool. I don't like that independent film has come to mean cheap. Low-budget can still be formulaic. All you need is a guy, a gun and a blonde. I always think independent film is about coming in from a different direction so that something that might have looked familiar suddenly doesn't look familiar anymore."

Next up for Savoca: a movie about bullfighting. Woman filmmaker indeed.

## PEOPLE



BINGO — A student granted admission to Tokyo University getting a traditional congratulatory toss by other students Wednesday after the institution announced who had passed the tough entrance examinations.

AN Israeli Arab woman was crowned Miss Israel on Tuesday, the country's entrant in the Miss World contest. The 1999 winner is Rana Raslan, a 21-year-old Israeli Arab from Haifa, on the northern coast. Israel TV said Raslan, who works at a law firm, was the first Arab to win the contest. Raslan said, "It does not matter if I am Jewish or Arab. I will represent Israel as best I can. We must live here in coexistence." Her predecessor, Linor Abargil, went on to become Miss World.

Ian Barbour, whose "Issues in Science and Religion" influenced a generation of theologians and scientists, has won the \$1.24 million Templeton Prize for Progress in Religion. The prize was set up by the mutual fund entrepreneur John M. Templeton.

Surviving members of the Beatles have accused a New Zealand restaurant, the Sergeant Pepper's Steak House, of breach of copyright. The Christchurch

steak house is a shrine to the group, with Beatles posters and records on its walls, but lawyers for Apple — owned by the surviving Beatles and John Lennon's widow, Yoko Ono — said the restaurant was trying to trick people into believing it was endorsed by "Apple or the individual Beatles." The owner, David Wallace, said he had removed silhouettes of the Beatles from signs and menus.

The Greek trustees of the Onassis shipping inheritance are appealing a decision by a Swiss court to remove them from handling the fortune. Athina Roussel, the 13-year-old granddaughter of the late tycoon Aristotle Onassis who stands to inherit \$600 million on her 18th birthday, lives in Switzerland with her French father, Thierry Roussel. Roussel and the trustees have been locked in a feud over management of the estate. Roussel has failed in legal battles in Greece to have the administration transferred to him.

Steven Tyler, lead singer of the

band Aerosmith, has sued his ex-wife in an attempt to make her return photographs taken of him in the nude. Tyler said in papers filed in New York that Kathleen Tallarico was supposed to give him the photos as part of their divorce agreement in 1987. Last sum-

mer, he said, he saw a news item indicating that she planned to publish "pornographic" pictures in a memoir. A state Supreme Court justice granted a temporary restraining order that blocks publication of the photos until the issue is settled at trial.

## Reporting Team Wins Fifth Polk Award

The Associated Press

NEW YORK — Donald Barlett and James Steele of Time magazine have won a record fifth George Polk Award, this time for a series that showed how taxpayer incentives to companies rarely pay off. Barlett and Steele were honored in the national reporting category. They won Polk Awards in 1971, 1972, 1988 and 1991 for work with The Philadelphia Inquirer.

Alix Freedman of The Wall Street Journal won the award for international reporting for "Population Bomb," about more than 100,000 women in Third World countries who were sterilized with a carcinogenic chemical, often without their knowledge.

The award for economic reporting went to Mary Jordan, Keith Richburg and Kevin Sullivan of The Washington Post for a series about the Asian financial crisis. The prize for medical reporting was given to Robert Whitaker and Dolores Kong of The Boston Globe for an exposé about experiments conducted on patients in U.S. mental hospitals. The retired New York Times columnist Russell Baker won a Polk career award, his second Polk.



(kick off your shoes)

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Egypt (Cairo)	010-0200	Italy	002-1011
France	0-800-99-0011	Netherlands	0800-022-0111
Germany	0800-225-288	Russia (Moscow)	735-5042
Saudi Arabia	1-800-100-10	Spain	900-99-00-11
Sweden	020-795-611	Switzerland	0000-89-0011
United Kingdom	0-800-89-0011	United Kingdom	0-800-89-0011
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